

NAVAL POSTGRADUATE SCHOOL MONTEREY, CALIFORNIA



THESIS

A DICTIONARY OF ACQUISITION AND CONTRACTING TERMS

by

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June 1997

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A DICTIONARY OF ACQUISITION AND CONTRACTING TERMS

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Submitted in partial fulfillment
of the requirements for the degree of

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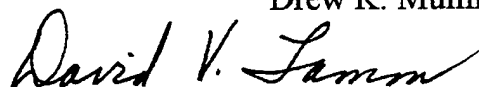
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ABSTRACT

This thesis effort is a continuance of research to determine, through a consensus of opinion among contracting professionals, a definition for current contracting terminology. This research was first initiated by Lieutenant Commander Daniel L. Ryan, Supply Corps, United States Navy and was later accomplished by others at both the Naval Postgraduate School, Monterey, California, and at the Air Force Institute of Technology, Wright-Patterson Air Force Base, Ohio. As with the previous efforts, this thesis examined literary sources for the current definitions and usage of the chosen terms. A definition for each of twenty-five terms was synthesized, incorporated in an open ended survey, and sent to contracting professionals affiliated with the National Contract Management Association. Respondent comments were analyzed, and, when appropriate, incorporated in the final, proposed definitions.

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I. INTRODUCTION

A. BACKGROUND

This thesis will expand on earlier research studies conducted by students at the Naval Postgraduate School (NPS), Monterey, California, and the Air Force Institute of Technology (AFIT), Wright-Patterson Air Force Base, Dayton, Ohio. Lieutenant Commander Daniel F. Ryan, SC, USN initiated this study in 1988, and produced a thesis entitled A Dictionary of Acquisition and Contracting Terms. The purpose of this study is to synthesize and standardize the meaning of the vocabulary used in the acquisition and contracting field by comparing like terms from the different facets of the acquisition and contracting community. The results of this research effort will be used to establish a formalized and uniform vocabulary between the various national acquisition and contracting associations. When the study is completed, the consolidated list of terms and phrases will be published as a universal dictionary of acquisition and contracting terminology.

The determination and assembly of a common language for the national acquisition and contracting community is highly recommended. The necessity of such a common language is apparent when one considers the magnitude of Federal requirements, provided by the private sector, through the Federal procurement process. The following, from The President's Blue Ribbon Commission on Defense Management (The Packard Commission), illustrates the magnitude of procurement requirements for a single Federal agency:

Annual procurement requirements for the Department of Defense alone average \$170 billion. This involves approximately 15 million separate contractual actions enacted annually by a Federal acquisition work force of over 165,000 personnel. [Ref. 1:p. 10]

In order for the various facets of the Government and industry acquisition and contracting community to speak a common language, all participants must be using and interpreting terms consistently. However, a single acquisition and contracting term may have several accepted definitions, each neither incorrect nor fully correct. In his 1989 master's thesis Lieutenant Daniel Downs, SC, USN states,

The assembly and determination of a common language for contracting and acquisition has been overdue. In order for the government to speak a common language, all participants must be using and interpreting terms consistently. Until LCDR Daniel Ryan initiated and completed his thesis entitled A Dictionary of Acquisition and Contracting Terms in September 1988, *no consolidated national effort had been undertaken in this regard.* [italics added for emphasis] [Ref. 1:p. 1]

This research effort utilizes an extremely broad base of previously researched and published definitions, graduate student theses, as well as constructive criticism from procurement professionals in order to develop a common, unified language.

The objective of this thesis is to provide part of that common, unified language by researching definitions and presenting the findings via questionnaires to procurement professionals across the nation for clarification and validation. The synthesis of these findings will provide a common base of acquisition and contracting terms.

B. SCOPE, ASSUMPTIONS, AND LIMITATIONS

1. Scope

The scope of this thesis is to refine the definitions of twenty-five contracting terms to be included in a professional dictionary.

2. Assumptions

The basic assumption of this thesis is that there is insufficient agreement in the specific meaning of terms as they apply to contracting. A second assumption is that there is no existing single source of authoritative contracting definitions. A third assumption is that the consensus procedure is the best method of arriving at acceptable baseline definitions. Finally, a fourth assumption is that National Contracting Management Association (NCMA) professionals who will participate in the study have achieved the educational background and on-the-job experience necessary to possess a sufficient level of expertise to assess the definitions.

3. Limitations

One limitation to such a study is the researcher's ability to solicit support from a sufficient number of experienced contracting and acquisition professionals to arrive at a consensus for the twenty-five selected terms. Another limitation is a lack of time. The modified Delphi technique used in this study requires the development, mailing, receiving and processing of multiple questionnaires.

C. RESEARCH QUESTIONS AND BENEFITS

1. Research Questions

The research questions addressed in this thesis are essentially the same asked by previous researchers. The primary research question is: To what extent can standard meanings be arrived at in the evolving field of contracting in which words are used with various meanings?

Secondary research questions are:

- What agreement can be reached from professionals in the field?
- What definition of terms can be concluded from research and feedback?
- Is the Delphi technique useful for fine-tuning controversial acquisition and contracting terms?

2. Benefits

The primary benefit of this research is to provide data which can ultimately be used in the development of a comprehensive national contracting dictionary. Such a dictionary will be useful as a training tool to assist new contracting personnel as well as serve as a valuable reference for those already in the acquisition and contracting field.

D. ORGANIZATION OF STUDY

Chapter I provides the reader with a basic understanding of the nature of this thesis effort. The research problem is addressed, the history of similar efforts summarized, the scope, assumptions, and limitations stated, the research questions and objectives postulated, the methodology used, the context of the thesis effort in relation to the procurement process made known, and the thesis organization presented.

Chapter II details how each term was synthesized along with the various definitions and sources used to develop the initial proposed definition.

Chapter III presents an analysis of survey respondent comments and addresses the development of the final definitions.

Chapter IV represents the culmination of this thesis effort, presenting the answers to the research questions posed in the first chapter, conclusions regarding this effort and its objectives, and recommendations for future research.

E. METHODOLOGY

The methodology used in this thesis closely paralleled the methodology established by LCDR Ryan and by subsequent researchers in similar theses. The methodology of this thesis is reduced to five steps:

- Generation of a list of candidate terms and term selection.

- Performance of a literature review of each selected term.
- Synthesis of initial definitions based upon the literature review.
- Survey of procurement professionals.
- Analysis and incorporation of respondent comments into a final definition.

Each of these steps will be addressed separately.

1. Generation of a List of Candidate Terms and Term Selection

The generation of a list of potential terms for this research was achieved through three sources. The first source was a review of previous research efforts which generated a list of controversial terms. A controversial term is defined as one in which, despite similar definition-refining efforts, a previous researcher was not able to reach consensus. The second source was a brainstorming session among the researcher and fellow-researcher Lieutenant Timothy W. Colyer in order to identify terms that might seem confusing or contradictory to a casual user. Finally, Dr. David V. Lamm (thesis advisor) of the Naval Postgraduate School recommended relatively new terms (such as performance based contracting and single process initiative) that had probably not yet been formally defined. A list of approximately sixty-five candidate terms was developed, of which fifty were selected, with the researcher and Lieutenant Colyer each taking twenty-five. In some cases the terms were related (for example, in order to clarify the definitions of various techniques of Alternative Dispute Resolution (ADR), the researcher selected mediation while Lieutenant Colyer selected arbitration) while in another case the terms selected (improvement curve for the researcher and learning curve for Lieutenant Colyer) were synonyms. The terms selected by the researcher are:

1. Alternative Dispute Resolution (ADR)
2. Arm's Length Relationship
3. Auctioning
4. Bidder
5. Boilerplate
6. Buy-In
7. Buyer-Seller Relationship
8. Commercial Item
9. Contracting Officer's Technical Representative (COTR)
10. Delinquency
11. Equitable Adjustment
12. Fact Finding
13. Fee
14. Improvement Curve
15. Market Research
16. Mediation
17. Memorandum of Agreement
18. Negotiation
19. Performance-Based Contracting
20. Privity of Contract
21. Procurement Lead Time
22. Reasonableness
23. Single Process initiative
24. Source Selection
25. Unallowable Cost

2. Performance of a Literature Review of Each Selected Term

As each of the validated terms required a separate literature review, the review of literature constituted a significant amount of effort. Utilizing the

methodology established by Lieutenant Commander Ryan and subsequently validated by others, materials such as published dictionaries, textbook glossaries, handbooks, guides, Federal agency regulations, Department of Defense (DoD) and individual Service directives and instructions as well as publications and periodicals related to the field of acquisition and contracting were reviewed.

3. Synthesis of Initial Definitions Based Upon the Literature Review

The development of initial definitions is the subject of Chapter II of this thesis. Essentially, the synthesis of the initial definitions was accomplished based on the researcher's review of existing literature. In Chapter II the presentation of the literature reviewed and researcher comments are structured and expanded in order to provide the reader greater familiarity with the terms and an increased ability to analyze the validity of the synthesized definition.

4. Survey of Procurement Professionals

This section contains information regarding both the survey procedure and the survey instrument. Except for the addition of a request for examples of the term in use, the survey instrument format is similar to that of previous researchers.

An introductory letter explaining this project and a request for volunteers was mailed to 230 NCMA officers from around the country. An option was given for the volunteer to receive the questionnaire through the mail or via electronic mail (e-mail). One hundred and twenty returned the enclosed response card indicating a willingness to help, of whom eighty-five requested their questionnaire via the

U.S. Mail. The names of the remaining thirty-five were shared with Lieutenant Colyer as his research would be conducted entirely via e-mail. Although the number of volunteers was fairly small, the researcher felt that, as all of the 85 volunteers were either national or local officers in the NCMA and likely to be interested in contributing to the Body of Knowledge of the Acquisition and Contracting field, the input received would be of high quality. The first iteration questionnaire is presented in its entirety in Appendix B.

In each questionnaire, the volunteers were presented twenty-five terms with a proposed definition of each term and were asked to (1) indicate the level of agreement they had with the proposed definition, (2) critique the definition, making any and all changes and comments they felt necessary, (3) provide any known synonyms and antonyms, and (4) provide an example of the term in use. The survey was qualitative and open-ended by nature in that it was much like a brainstorming session where a number of people generate ideas. However, as each volunteer responded confidentially via the mail, each volunteer could make comments without the potential for intimidation sometimes present in group situations.

5. Analysis and Incorporation of Respondent Comments into a Final Definition

The derivation of the consensus definition is the subject of Chapter III. In Chapter III, the suggestions made by the volunteers to improve the synthesized definitions are stated, analyzed, and incorporated into a revised definition for each term. The survey procedure stated above was repeated twice after the original questionnaire was received. The incorporation of volunteer comments and

recommendations into a revised definition of each term was based on the following:

- The level of respondent agreement with the proposed definition, ranked from a low of one (1) to a high of four (4).
- The merits of a suggestion to improve the definition as defined and supported by the volunteers.
- The number of similar suggestions made by the volunteers.

F. SUMMARY

This chapter provided the reader with preliminary insight into the research topic and the researcher's purpose in pursuing the topic as the subject of a thesis. It identified the scope, assumptions, and limitations of the thesis as well as the primary and subsidiary research questions and benefits. Finally, it detailed the organization of the study and presented the methodology of this thesis.

II. DEVELOPMENT OF INITIAL PROPOSED DEFINITIONS

A. INTRODUCTION

This chapter presents the development of the proposed definitions for the initial questionnaire. As stated in Chapter I, dictionaries, textbook glossaries, handbooks, guides, Federal agency regulations, Department of Defense and individual Service directives and instructions as well as various publications and periodicals related to the field of acquisition and contracting were reviewed. The definitions found in this review were then compared and a synthesized definition was developed for each proposed term. The previously published definitions as well as each synthesized definition are presented below.

B. TERMS

1. Alternative Dispute Resolution (ADR)

a. Previously Published Definitions

Techniques, such as fact finding, partnering, high-level negotiation, mediation, mini-trials, summary disposition and arbitration, which provide a faster, less costly means of settling disputes than litigation through the boards of contract appeals and federal courts. [Ref. 2:p. 1]

Any procedure that is used, in lieu of an adjudication, to resolve issues in controversy, including but not limited to settlement, negotiations,

conciliation, facilitation, mediation, fact-finding, mini-trials and arbitration, or any combination thereof. [Ref. 3]

Inexpensive, informal, procedurally simple and expeditious resolution of protests through use of third party neutrals, including another agency's personnel. [Ref. 4]

Generally recognized cost-effective, expedited methods used by contract professionals to avoid and settle disputes arising under their contracts without unnecessary and expensive litigation before a court and/or administrative board. [Ref. 5:p. 4]

b. Discussion

The researcher felt that the key theme occurring in almost all of the previously published definitions was that ADR was a "technique" or "procedure" employed as an alternative to litigation or adjudication.

c. Synthesized Definition:

Alternative Dispute Resolution (ADR): Any process voluntarily used to resolve issues in controversy without the need to resort to litigation.

2. Arm's Length Relationship

a. Previously Published Definitions

A circumstance in which non-affiliated buyers and sellers, both free to act, within the bounds set forth by law, regulations and professional standards, independently seek their own best interests or the interests of the entities they represent. [Ref. 6:p. 87]

Refers to the separation between businesses and contracting agencies. Maintaining a professional relationship and preserving all ethical aspects of the relationship. The goal is to have congenial relationships without the perception of favoritism to any individual or firm. [Ref. 7]

b. Discussion

The researcher determined that it would be necessary to include some indication of "separation" or "distance;" also, some reference to "professionalism" and "working relationship" would help clarify the synthesized definition.

c. Synthesized Definition

Arm's Length Relationship: A circumstance in which the buyer and seller maintain sufficient distance to alleviate any perception of impropriety in their

business dealings while still maintaining a professional, functioning working relationship.

3. Auctioning

a. Previously Published Definitions

- (i) Indicating to an offeror a cost or price that it must meet to obtain further consideration;
 - (ii) Advising an offeror of its price standing relative to another offeror (however, it is permissible to inform an offeror that its cost or price is considered by the Government to be too high or unrealistic); and
 - (iii) Otherwise furnishing information about other offerors' prices.
- [Ref. 8:p. 15-15]

b. Discussion

All three parts of the FAR definition related to the competitive negotiation process and as such, the researcher determined that they could be combined into one part of the synthesized definition. Additionally, the researcher felt that reference should be made to the process of "auctioning" in general terms.

c. *Synthesized Definition*

Auctioning:

(i) Generally, a public sale in which property or items are sold to the highest bidder; or,

(ii) In the negotiation process, an attempt to reduce the price of an item or service through repetitive rounds of communication.

4. Bidder

a. *Previously Published Definitions*

The party (whether an individual, partnership, or corporation) responding to a formally advertised solicitation (whether a proposal, quotation, advertised or negotiated). [Ref. 9:p. 6]

One who offers to perform a contract by providing labor and/or material for a specific price. In Federal Government contracting, the offer is provided in response to an invitation to bid. [Ref. 10:p. 100]

A company or individual qualified to sell goods or services to a buyer in response to a solicitation. [Ref. 11:p. 170]

A firm offering to sell goods or services to a buyer in response to a solicitation. [Ref. 12:p. 18]

One who submits a response to an Invitation For Bid. [Ref. 13:p. 3]

b. Discussion

The researcher determined that the synthesized definition would require a "who" (a company or individual), a "what" (offers to perform), a "how" (providing goods or services), and a "why" (for a specific price).

c. Synthesized Definition

Bidder: A company or individual who offers to perform a contract in response to a solicitation by providing goods and/or services for a specific price.

5. Boilerplate

a. Previously Published Definitions

A colloquialism, used in purchasing to identify standard terms and conditions incorporated in solicitations, contracts, or purchase orders; usually preprinted and incorporated by reference. [Ref. 13: p. 4]

A slang term usually referring to the General Provisions or any of the standard clauses or language ordinarily found preprinted in a contractual document. The "small print" in some contracts. [Ref. 9:p. 7]

b. Discussion

The researcher felt that some reference to "standard clauses" must be made as well as the fact that these clauses are generally preprinted and subsequently do not change often.

c. Synthesized Definition

Boilerplate: (Colloquialism) Refers to the standard clauses or language, generally not subject to frequent change, ordinarily found preprinted in a contractual document.

6. Buy-In

a. Previously Published Definitions

The practice of offering items or services at cost or less than cost or price in order to obtain award of a contract, discourage competition, maintain business, keep down overhead, or in the hope of making later recovery through overpricing changes in scope. [Ref. 9:p. 8]

The knowing submission of an offer below anticipated cost, with the expectation of increasing the contract amount after award, or receiving follow-on contracts at artificially high prices. [Ref. 14:p. 16]

A management decision to knowingly submit an offer below anticipated costs to obtain a contract award. [Ref. 12:p. 18]

Submission of an offer, usually substantially below estimated cost, with the expectation of winning the contract. [Ref. 15:p. 8]

[Buying In] The practice of bidding, particularly in connection with government contracts, whereby a price or cost estimate is known to be less than the anticipated actual cost to perform the contractually required effort, with a view to getting follow-on contracts or change orders. [Ref. 15:p. 8]

b. Discussion

Each of the previously published definitions indicated that a "buy-in" offer would be at or below cost. Also, three of the five indicated that the offeror would make this offer knowingly. Additionally, the researcher felt that it would be important to identify why this low offer would be made.

c. Synthesized Definition

Buy-In: A management practice of knowingly submitting an unreasonably low offer, often at or below cost, in order to obtain award of a contract and thus discourage competition, maintain business, or keep down overhead, and usually in the hope of making later recovery.

7. Buyer-Seller Relationship

a. Previously Published Definitions

Good buyer-seller relationships facilitate the buyer's efforts to gain superior performance, extra service, cooperation on cost reduction programs, and a willingness to share in new processes and procedures. [Ref. 16:p. 213]

A mutually advantageous relationship permitting the seller to learn the intricacies of the buyer's business, and vice versa. The end result is the meshing of the operations of both organizations. [Ref. 16:p. 218]

b. Discussion

Only two references to buyer-seller relationship were found, and neither of these was truly a "definition." The researcher determined that the definition needed to address the fact that there were two parties and that these parties were linked by some sort of a contractual agreement.

c. Synthesized Definition

Buyer-Seller Relationship: An association between a buyer and a seller established by a contractual agreement.

8. Commercial Item

a. Previously Published Definitions

An item, including both supplies and services, of a class or kind that is (1) regularly used for other than government purposes and (2) is sold or traded in the course of conducting normal business operations. [Ref. 17:p. 256]

Any item, other than real property, that is of a type customarily used for non-governmental purposes and that (1) has been sold, leased, or licensed to the general public; or (2) has been offered for sale, lease, or license to the general public. [Ref. 15:p. 9]

An item either that is intended for use in the commercial market but has defense application or that is developed at private expense and offered to the Government as a production article with Government control limited to the item's form, fit and function. [Ref. 18:p. 133]

Supplies or services regularly sold or traded in substantial quantity to the general public in the course of normal business operations. [Ref. 19:p. 162]

Existing goods or services that are sold or traded to the general public in the course of normal business operations at prices based on catalog or market prices, and at most require minor modifications to meet the requirements of the procuring agency. [Ref. 11:p. 171]

An item which is manufactured primarily for the commercial rather than the military market and having both commercial and military applications. [Ref. 18:p. 134]

An item, material, component, or system sold to the general public in normal business at prices based on established catalogue or market prices. [Ref. 13:p. 6]

Supplies or services regularly used for other than Government purposes and sold or traded to the general public in the course of normal business operations. [Ref. 8:p. 2-1]

A standard product of service of a class or kind which is regularly used for other than Government purposes and is sold or traded in the course of conducting normal business operations. [Ref. 9:p. 10]

b. Discussion

Many previously published definitions were found and almost all indicated that both goods and services were included and that these goods or services were primarily developed for non-governmental use and that they were available to, and used by, the general public.

c. Synthesized Definition

Commercial Item: An item, including both supplies and services, of a class or kind that is 1) regularly used for other than government purposes and 2) has been sold, leased, or licensed to the general public, or has been offered for sale, lease, or license to the general public.

9. Contracting Officer's Technical Representative (COTR)

a. Previously Published Definitions

A person designated to assist the contracting officer in matters related to contract inspection, acceptance, and other duties. Without a specific delegation of authority, the COTR may not make contracting officer decisions, but is an extension of the contracting officer. [Ref. 15:p. 12]

A person provided to assist the contracting officer in matters related to inspection, acceptance, and other duties; a person without specific authority

acting as an extension of the contracting officer at a specific duty station. [Ref. 14:p. 22]

A Federal employee to whom a Contracting Officer has delegated limited authority in writing to make specified contract-related decisions. [Ref. 20:p. 5]

b. Discussion

Key factors of all previously published definitions were that this person is designated in writing, that there is limited authority, and that this person acts as an extension of the contracting officer. As such, all of these factors were incorporated into the synthesized definition.

c. Synthesized Definition

Contracting Officer's Technical Representative (COTR): A person designated to assist the contracting officer in matters related to contract inspection, acceptance, and other duties. This person acts as the "eyes and ears" of the contracting officer. Without a specific delegation of authority, the COTR may not make contracting officer decisions.

10. Delinquency

a. Previously Published Definitions

The actual or potential failure by the contractor to meet or maintain the contract delivery or performance schedule. [Ref. 14:p. 25]

(i) Failure, omission or violation of contractual obligation or duty.

(ii) The actual failure by the contractor to meet the contract delivery or performance schedule, performance requirements or by failing to maintain required progress in contract performance as required by the contract delivery or performance schedule. [Ref. 21:p. 57]

(i) Failure, omission or violation of contractual obligation or duty.

(ii) The actual failure by the contractor to meet the contract delivery or performance schedule, or the potential failure to do so by failing to maintain required progress in contract performance as required by the contract delivery or performance schedule. [Ref. 22:p. 103]

b. Discussion

Only two previously published definitions were found and both of these were in other Naval Postgraduate School theses. The researcher incorporated parts of each in the synthesized definition.

c. *Synthesized Definition*

Delinquency:

- (i) Generally, a failure, omission or violation of a contractual obligation or duty; or,
- (ii) In the procurement process, the actual failure by the contractor to meet the contract delivery or performance schedule, performance requirements or by failing to maintain required progress in contract performance as required by the contract delivery or performance schedule.

11. **Equitable Adjustment**

a. *Previously Published Definitions*

An adjustment in the contract price and/or schedule which certain contract clauses prescribe to accommodate increases or decreases in the contract work under defined conditions. [Ref. 23:p. GL-11]

The compensation or price adjustment to which a contractor is entitled upon the occurrence of some special event, such as the issuance of a contract change order. The adjustment may incorporate modifications of other terms and conditions as necessary to return the parties to their relative positions as existing at the time the work requirement was altered. [Ref. 17:p. 261]

The compensation or price adjustment to which a contractor is entitled upon the occurrence of a constructive change or special event. [Ref. 14:p. 27]

A change in the contract terms, typically price and/or schedule, as the direct result of a perceived deviation by one party relative to the original contract terms. The concept is to modify the contract by incorporating the change(s) as well as the equitable adjustment to price and/or schedule made in response to the change(s). [Ref. 24;p. 99]

b. Discussion

The researcher determined that the key factors were that this term refers to an adjustment that occurs when one party does or doesn't do something and that adversely affects the other party. The concept of "making the parties whole" was felt to be an important factor; therefore, a phrase indicating a "return to relative positions" was included in the synthesized definition.

c. Synthesized Definition

Equitable Adjustment: The compensation or price adjustment to which one party is entitled upon the occurrence of some special event, such as the issuance of a contract change order. The adjustment may incorporate

modifications of other terms and conditions as necessary to return the parties to their relative positions existing at the time the work requirement was altered.

12. Fact Finding

a. Previously Published Definitions

The process of identifying and obtaining information necessary to complete the evaluation of proposals. [Ref. 8:p. 15-34]

A method of Alternative Dispute Resolution (ADR) where a third party attempts to reduce or eliminate conflict concerning factual, rather than legal, matters. It is most useful when a) the problem is complicated by a lack of information, b) the parties disagree about the facts, or c) the parties disagree about the interpretation of the facts. [Ref. 2:p. 5]

b. Discussion

The researcher determined that this term could have two entirely different meanings. Therefore, a two-part definition was developed which indicated that, generally, fact finding refers to the gathering of information but in more specific terms, it could identify one of the techniques of ADR.

c. Synthesized Definition

Fact Finding:

(i) During the procurement process, the action of identifying and obtaining information necessary to complete the evaluation of proposals, and most particularly in preparation for contract negotiations; or

(ii) A technique of Alternative Dispute Resolution (ADR) where a third party attempts to reduce or eliminate conflict concerning factual, rather than legal, matters.

13. Fee

a. Previously Published Definitions

(i) A charge for a professional service; or,

(ii) A payment for contractual consideration such as incentives and risk; or,

(iii) A payment in addition to reimbursement of allowable costs on cost type contracts. [Ref. 25:p. 42]

In specified cost-reimbursement pricing arrangement, fee represents an agreed-to amount beyond the initial estimate of costs. In most instances, fee reflects a variety of factors, including risk, and is subject to statutory limitations.

Convention attaches fee to cost reimbursement type in the same fashion that profit is a part of the price of fixed-price type contracts. [Ref. 17:p. 262]

An agreed-to amount beyond the initial estimate of costs in specified cost-reimbursement pricing arrangements. In most instances, fee reflects a variety of factors, including risk, and is subject to statutory limitations. Fee may be fixed at the outset of performance, as in a cost-plus-fixed-fee arrangement, or may vary (within a contractually specified minimum-maximum range) during performance, as in a cost-plus-incentive-fee arrangement. [Ref. 15:p. 23]

Money paid to a contractor over and above total reimbursements for allowable costs. [Ref. 8:p. 15-38]

An amount paid to the contractor for completed performance or delivery under cost-reimbursement type contracts; may be limited to certain percentages fixed by Federal statute. [Ref. 9:p. 24]

b. Discussion

The researcher determined that there were three important factors that needed to be included in the synthesized definition. First, fee is an amount of money; second, fee varies depending on factors such as risk; and third, a comparison to the synonym "profit" should be made.

c. *Synthesized Definition*

Fee: An agreed-to amount beyond the estimate of costs paid to the seller for completed performance or delivery. In most instances, fee reflects a variety of factors, including risk, and, in government contracting, may be subject to statutory limitations. Convention attaches fee to cost-reimbursement type contracts in the same fashion that profit is a part of the price of fixed-price type contracts.

14. **Improvement Curve**

a. *Previously Published Definitions*

A tool of calculation used primarily to project resource requirements, in terms of direct manufacturing labor hours or the quantity of material required for a production run. It was adopted from the observation that individuals who perform repetitive tasks exhibit a rate of improvement due to increased manual or mental dexterity. [Ref. 15:p. 32]

A growth curve used to project requirements, labor or material, during successive periods of operation; the reduction in time and materials accrued after repeated production runs. [Ref. 13:p. 17]

A technique for estimating recurring resource requirements in operations that are performed repetitively. Improvement curves can be used to estimate direct labor hours, units of material required, or the cost of subcontracted

items. Unit improvement curves are based on the theory that as the total volume of units produced doubles, the cost per unit decreases by some constant percentage. [Ref. 20:p. 13]

b. Discussion

In addition to providing examples of how an improvement curve can be used, the researcher determined that the synthesized definition should emphasize two points. First, it is an estimating tool and second, it is based on previous experience.

c. Synthesized Definition

Improvement Curve: A technique for estimating recurring resource requirements in operations that are performed repetitively. It is based on the theory that as the total volume of units produced doubles, the cost per unit decreases by some constant percentage. It can be used to estimate direct labor hours, units of material required, or the cost of subcontracted items.

15. Market Research

a. Previously Published Definitions

Collecting and analyzing information about the entire market available to satisfy the minimum agency needs to arrive at the most suitable approach to acquiring, distributing, and supporting supplies and services. [Ref. 8:p. 10-1]

The study of what people buy, when they buy, why they buy, and how they buy items to enable a purchasing office to arrive at the most suitable approach to acquiring supplies and services. [Ref. 13:p.18]

Evaluating the potential of the commercial marketplace to meet system performance requirements including how the performance requirements can be reasonably modified to facilitate the use of potential commercial items, components, specifications, standards, processes, technology and sources. [Ref. 4]

(Market Survey) An attempt to ascertain whether qualified sources capable of satisfying the Government's requirement exist. This testing of the marketplace may range from written or telephone contacts with knowledgeable experts regarding similar requirements and to other sources, e.g., technical/scientific journals, Commerce Business Daily, or solicitations for information or planning purposes. [Ref. 13:p. 18]

(Market Survey) The process of attempting to identify sources which are capable of satisfying the buyer's requirement, or of attempting to identify the level of demand or current price of a product. [Ref. 12:p. 21]

(Market Analysis) Analysis which measures the extent and nature of a market and determines its characteristics (e.g., product availability, market alternatives, prices, trends). [Ref. 11:p. 176]

b. Discussion

Although a number of previously published definitions were found, the researcher felt that key factors from definitions of similar terms such as Market Survey and Market Analysis could also contribute to the synthesized definition.

c. Synthesized Definition

Market Research: The process of evaluating the potential of the commercial marketplace to meet buyer requirements utilizing the techniques of Market Survey and Market Analysis.

16. Mediation

a. Previously Published Definitions

An attempt to bring about a peaceful settlement or compromise between disputants through the objective intervention of a neutral party. [Ref. 26]

An informal, non-binding negotiation between two parties assisted by a neutral third party. [Ref. 2:p. 4]

One of the ADR processes where a third party helps the disputing parties to communicate and negotiate to resolve their differences. The mediator has no power to decide any issue; however, the mediator may offer an opinion in any area of expertise. [Ref. 2:p. 5]

b. Discussion

The researcher felt that the synthesized definition should include the facts that it (1) is informal, (2) is non-binding, (3) uses third party assistance, and (4) is frequently used as an alternative to litigation.

c. Synthesized Definition

Mediation: An informal, non-binding discussion between two parties, assisted by a neutral third party, in an attempt to bring about a peaceful

settlement or compromise, most commonly associated with the Alternative Dispute Resolution (ADR) process.

17. Memorandum of Agreement (MoA)

a. Previously Published Definitions

A document of mutually agreed to statements of fact, intentions, procedures, parameters or understandings regarding past, present, or future rights and duties of two or more parties. This document is not a contract, as it may be lacking one or more essential elements thereof. As such, requiring good faith adherence by both parties in order to be effective. [Ref. 24:p. 179]

b. Discussion

As only one previously published definition was found, the researcher used that definition, making only grammatical changes to improve the clarity of the synthesized definition.

c. Synthesized Definition

Memorandum of Agreement: A document of statements of fact, intentions, procedures, parameters or understandings regarding past, present or future rights and duties that is mutually agreed to by two or more parties. As it may be lacking one or more essential elements, it is not a contract and is generally

not enforceable by law but rather requires good faith adherence by the parties in order to be effective.

18. Negotiation

a. Previously Published Definitions

In its more formal context, one of the major methods of procurement. It is used under certain permissive circumstances prescribed by statute when formal advertising is found to be infeasible and impracticable. In its more general context, a bargaining process between two or more parties, each with its own viewpoints and objectives, seeking to reach a mutually satisfactory agreement on or settlement of a matter of common concern. [Ref. 15:p. 37]

(i) A process between buyers and sellers seeking to reach mutual agreement on a matter of common concern through fact finding, bargaining and persuasion.

(ii) Government acquisition of supplies or services including construction by other than sealed bidding procedures. [Ref. 17:p. 265]

(iii) An ADR technique frequently used when normal negotiations have broken down; each party uses a principal who was not previously involved or who was only minimally or peripherally involved in the controversy. [Ref. 2:p. 5]

Contracting through the use of either competitive or other-than-competitive proposals and discussions. Any contract awarded without using sealed bidding procedures is a negotiated contract. [Ref. 13:p. 20]

(ii) A bargaining process between two or more parties seeking to reach a mutually satisfactory agreement or settlement on a matter of common concern.

(iii) A method of procurement prescribed in FAR Part 15 that includes the receipt of proposals from offerors, permits bargaining, and usually affords offerors an opportunity to revise their offers before award of a contract. [Ref. 20:p. 16]

b. Discussion

The researcher determined that this term could have three separate meanings; accordingly, all three would be presented in the synthesized definition. First, the term could be used generally, as when one "negotiates" to buy a car; second, the term is frequently used in Government contracting to describe procurement in "other than sealed bidding" circumstances; and third, the term can be used to describe one of the techniques of ADR.

c. Synthesized Definition

Negotiation:

- (i) Generally, a bargaining process between two or more parties, each with its own viewpoints and objectives, seeking to reach a mutually satisfactory agreement on or settlement of a matter of common concern; or
- (ii) Formally, one of the major methods of Government procurement. It is used under certain permissive circumstances prescribed by statute when sealed bidding is found to be infeasible and impracticable; or
- (iii) A method of Alternative Dispute Resolution (ADR) where higher-level employees, previously not involved in the controversy, attempt to reach agreement after normal negotiations have deadlocked. This method may or may not utilize a neutral third party.

19. Performance Based Contracting

a. Previously Published Definitions

"A concept where the performance of a contract is measured and evaluated using predetermined criteria," "a non-detailed and non-MILSPEC methodology of soliciting work from Contractors," and "the solicitation states what is required, but does not mandate a process and does not limit contractors to specific materials, processes or parts." [Ref. 27]

Structuring all aspects of an acquisition around the purpose of the work to be performed as opposed to either the manner by which the work is to be performed or broad and imprecise statements of work. The statement of work shall describe the work in terms of "what" is to be the required output rather than "how" the work is to be accomplished. [Ref. 29:pp. 1-2]

[Performance] The subset of all system outputs which relate to the requirements / capability. [Ref. 15:p. 40]

[Performance Specification] A purchase description that describes the deliverable in terms of desired operational characteristics. [Ref. 20:p. 17]

b. Discussion

As a fairly new term, the researcher found no previously published definition; however information was obtained from two sources familiar with performance based contracting in use. Also, key parts of related terms ("performance" and "performance specifications") were used to develop the synthesized definition.

c. Synthesized Definition

Performance-based Contracting: A method of contracting where all aspects of an acquisition are structured around the *purpose* of the work as

opposed to the *manner* in which the work is to be performed. The solicitation states *what* is to be performed as opposed to *how* it is to be performed.

20. Privity of Contract

a. Previously Published Definitions

The direct legal (contractual) connection or relationship that exists between parties which allows either party to (1) enforce contractual rights against and (2) seek remedy directly from the other party with whom this relation exists. [Ref. 28:p. 44]

The direct contractual relationship that exists between parties. The Government has a contract with the prime contractor, therefore there is privity of contract between the Government and the prime contractor. However, the Government does not have a contract with a subcontractor; no privity of contract exists between the two parties. [Ref. 20:p. 18]

b. Discussion

Both of the two previously published definitions found indicated that this term refers to the direct legal or contractual relationship between two parties. The researcher felt that explaining the connection between the Government, the Prime and the Subcontractor(s) would help a future reader understand the term.

c. *Synthesized Definition*

Privity of Contract: The direct contractual relationship that exists between two parties. In procurement terms, the buyer has a contract with the seller, therefore there is privity of contract between the buyer and the seller; however, as there is no contract between the buyer and a subcontractor of the seller, no privity of contract exists between the buyer and the subcontractor.

21. **Procurement Lead Time (PLT)**

a. *Previously Published Definitions*

The time elapsing between the initiation of procurement action and the receipt into the system of material purchased as a result of such actions. It is composed of three elements: (1) The time elapsing between initiating procurement action and letting of the contract; (2) The time elapsing between letting of the contract and manufacturing completion; and (3) The time elapsing between completion of manufacture and receipt of the material into the system. [Ref. 15:p. 41]

b. *Discussion*

Only one previously published definition was found; as indicated, this definition consisted of a brief explanation of the term followed by a three-part

clarification of the components of the term. The researcher felt that this second part was redundant and therefore eliminated it from the synthesized definition.

c. Synthesized Definition

Procurement Lead Time: The time elapsing between the initiation of procurement action and the receipt into the system of goods or services purchased as a result of such actions.

22. Reasonableness

a. Previously Published Definitions

A concept that refers to any action which, in its nature and amount, does not exceed that which would be accepted by a prudent person in the conduct of normal business transactions. [Ref. 6:p. 90]

In cost principles, a cost which, if in its nature or amount, it does not exceed that which would be incurred by an ordinarily prudent person in the conduct of a competitive business. Additional restraints may be placed on the interpretation of reasonableness in this examination of incurred costs in government contracts. [Ref. 9:p. 53]

A cost is reasonable if, in its nature and amount, it does not exceed what would be incurred by an ordinarily prudent person in the conduct of competitive business. [Ref. 17:p. 268]

A cost which, in its nature and amount, does not exceed that which would be incurred by a prudent person in the conduct of competitive business.
[Ref. 20:p. 19]

b. Discussion

As with several other terms, the researcher felt that this term could be interpreted in three different ways: a general use, a procurement-related use, and an accounting-related use. Accordingly, three separate parts were developed for the synthesized definition.

c. Synthesized Definition

Reasonableness:

- (i) Generally, a concept that refers to any action which, in its nature and amount, does not exceed that which would be accepted by a prudent person in the conduct of normal business transactions; or,
- (ii) In procurement, the acceptability in the dimension of time and/or price of a good or service; or,

(iii) In cost principles, a cost which, if in its nature or amount, it does not exceed that which would be incurred by an ordinarily prudent person in the conduct of a competitive business. Additional restraints may be placed on the interpretation of reasonableness in this examination of incurred costs in Government contracts.

23. Single Process Initiative

a. Previously Published Definitions

"An element of acquisition reform ... allow(s) contractors with both defense-unique and commercial processes to standardize process requirements on a facility-wide basis ... provides an opportunity to reengineer management and manufacturing processes to reduce cycle time, improve quality and to lower cost."
[Ref. 30:p. 3]

b. Discussion

Another relatively new term, no "true" previously published definition was found. An article in an acquisition trade journal revealed several key factors, notably standardization of processes with the goal of improving quality or saving time and money.

c. *Synthesized Definition*

Single Process Initiative: An element of acquisition reform which allows contractors to standardize process requirements on a facility-wide basis providing an opportunity to achieve such objectives as reducing cycle-time, improving quality, and lowering cost.

24. Source Selection

a. *Previously Published Definitions*

The process wherein the requirements, facts, recommendations and government policy relevant to an award decision in a competitive procurement of a system/project are examined and the decision made. [Ref. 14:p. 44]

The process of soliciting and evaluating offers for award. [Ref. 8:p. 15-16]

b. *Discussion*

Although only two previously published definitions were found, the researcher determined that a compilation of the two would result in a reasonably complete synthesized definition.

c. Synthesized Definition

Source Selection: The process wherein the requirements, facts, recommendations and organizational policy relevant to an award decision in a competitive procurement of an item or service are examined and a decision made.

25. Unallowable Cost

a. Previously Published Definitions

Any cost which, under the provisions of any pertinent law, regulation or contract, cannot be included in prices, cost-reimbursements, or settlements under a Government contract to which it is allocable. [Ref. 8:p. 31-3]

b. Discussion

The researcher determined that the one previously published definition found was complete and that only minor grammatical changes were required.

c. Synthesized Definition

Unallowable Cost: Any cost which, under the provisions of any pertinent law, regulation or contract, cannot be included in prices, cost-reimbursements, or settlements under a Government contract.

C. SUMMARY

This chapter presented the development of the synthesized definitions from the various sources found during the literature review process. These initial proposed definitions were the basis for the first questionnaire sent to the volunteers for their review and critique. The following chapter presents how these initial proposed definitions were further refined through the use of the three iterations of questionnaires.

III. ANALYSIS OF SURVEY RESPONSES

A. INTRODUCTION

This chapter details the development of each term from its original synthesized definition to its final proposed definition. There is one sub-section for each term. Each subsection is divided to indicate the results of the three iterations of questionnaires. The result of each iteration is presented as follows:

1. The initial proposed definition
2. The volunteers' quantitative response
3. All written recommendations whether or not they were used to modify the term
4. The researcher's discussion of the responses

Following the result of the third iteration for each term, the final proposed definition is presented along with any synonyms, antonyms and examples. The twenty-five proposed definitions are also presented in Appendix C.

B. TERMS

1. Alternative Dispute Resolution (ADR)

a. *First Iteration*

(1) Proposed definition:

Any process voluntarily used to resolve issues in controversy without the need to resort to litigation.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	35	(61.4)
Somewhat Agree	(3)	19	(33.3)
Somewhat Disagree	(2)	3	(5.3)
Strongly Disagree	(1)	0	(0.0)
No Response		0	
Average (4.0 Scale)		3.56	

(3) The following comments were used to revise the definition:

- Add "administrative appeal or" in front of "litigation"
- Change to "...used by the parties to resolve..." (3 similar comments)
- Replace "without the need to" with "in lieu of"

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Change "issues in controversy" to "questions in dispute"
- Change "Any" to "A"
- "Voluntarily" only if agreed to beforehand (may be part of a process)
- Change to "Any informal process voluntarily agreed to be used by the parties to resolve issues in a controversy between or among them without the need to resort to formalized or legal procedures."

- Change to "A process voluntarily used to resolve issues in controversy without resorting to litigation."
- Change to "A cooperative process used to analyze and resolve contentious issues without the need to resort to litigation."

(5) Discussion

This term received a score of 3.56, in line with the first iteration overall average of 3.53. No volunteer "strongly disagreed" or did not respond. Therefore, the researcher determined that the definition required only minor revision.

b. Second Iteration

(1) Proposed definition:

Any process voluntarily used by the parties to resolve issues in controversy in lieu of administrative appeal or litigation.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	41	(87.2)
Somewhat Agree	(3)	6	(12.8)
Somewhat Disagree	(2)	0	(0.0)
Strongly Disagree	(1)	0	(0.0)
No Response		0	
Average (4.0 Scale)		3.87	

(3) The following comments were used to revise the definition:

- Consider "binding" and "non-binding" in the definition.
- ADR can be used even after litigation has started and may be involuntary ... if the judge orders it.
- Change to "Any process which the parties have agreed to use for the final resolution of disputes or issues in controversy, the results of which may or may not be binding on the parties."

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Delete "... in lieu of administrative appeal or litigation."
- Change the ending to "... in lieu of formal litigation."

(5) Discussion: The researcher determined that, although the words binding and non-binding are not absolutely required, inclusion might help clarify the term to a novice. Additionally, although most forms of ADR are entered into voluntarily, there could be a case where it is imposed by order of a court; subsequently, the word voluntary was deleted.

c. Third Iteration

(1) Proposed definition:

Any process used by the parties to resolve issues in controversy in lieu of administrative appeal or litigation, the results of which may or may not be binding on the parties.

(2) Respondents indicated their evaluation of this term as follows:

<u>Description</u>	<u>Points</u>	<u>Number</u>	<u>Percentage</u>
Strongly Agree	(4)	38	(95.0)
Somewhat Agree	(3)	2	(5.0)
Somewhat Disagree	(2)	0	(0.0)
Strongly Disagree	(1)	0	(0.0)
No Response		1	
Average (4.0 Scale)		3.95	

(3) The following comment, although valid, was not integrated into the revised definition as the researcher determined that it did not substantially change the definition:

- Add "... or in addition to ..." after "... in lieu of ..."

(4) Discussion: Although the use of ADR may be imposed by a court, the researcher disagreed with the recommendation that the definition be modified to indicate that ADR is used "in addition to" litigation. As there were no other written recommendations received, the definition was not revised.

d. Final Proposed Definition

Any process used by the parties to resolve issues in controversy in lieu of administrative appeal or litigation, the results of which may or may not be binding on the parties.

Synonyms: None noted.

Antonyms: Litigation, trial.

Example(s): Assisted settlement negotiation, Conciliation, Facilitation, Mediation, Fact finding, Mini-trial, and Arbitration.

2. Arm's Length Relationship

a. *First Iteration*

(1) Proposed definition:

A circumstance in which the buyer and seller maintain sufficient distance to alleviate any perception of impropriety in their business dealings while still maintaining a professional, functioning working relationship.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	42	(73.7)
Somewhat Agree	(3)	5	(8.8)
Somewhat Disagree	(2)	8	(14.0)
Strongly Disagree	(1)	2	(3.5)
No Response		0	
Average (4.0 Scale)		3.53	

(3) The following comment was used to revise the definition:

- Change the last phrase to "... a professional, functioning business relationship."

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Delete "while still maintaining a professional, functioning working relationship." (2 similar comments)
- Change "distance" to "independence"
- Add "social" in front of distance.
- Delete the word "functioning"

(5) The following alternate definitions were not used for the reasons stated in the "Discussion" section below:

- Change to "... maintain strict interaction and performance within the law to ensure proper business dealings and alleviate any perception of impropriety."
- Change "...to alleviate any perception of impropriety ..." to "... to apply objectivity and to mitigate any impropriety ..."
- Change to "An independent relationship between buyer and seller which permits them to reach fair and reasonable agreements while maintaining the professional standards dictated by their organizations, the industry and the marketplace."
- Change to "A business association in which both parties deal in good faith to honor their agreement but maintain a sufficient distance to subjugate personal interests to those of the business relationship."

(6) Discussion: As over 82 percent of the volunteers either "Somewhat Agreed" or "Strongly Agreed," the researcher determined that the initial definition was valid and only minor revisions were needed. The researcher chose not to implement any of the alternate definitions submitted as they were not necessarily improvements but rather just different ways of saying the same thing.

b. Second Iteration

(1) Proposed definition:

A circumstance in which the buyer and seller maintain sufficient distance to alleviate any perception of impropriety in their business dealings while still maintaining a professional, functioning business relationship.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	39	(83.0)
Somewhat Agree	(3)	7	(14.9)
Somewhat Disagree	(2)	1	(2.1)
Strongly Disagree	(1)	0	(0.0)
No Response		0	
Average (4.0 Scale)		3.81	

(3) The following comments were used to revise the definition:

- Change the first line to "A circumstance in which the buyer and seller sufficiently maintain their independent interests to alleviate any actual or perceived impropriety ..."

- The word "distance" should be modified or expanded

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Change to "... maintain sufficient social distance ..."
- Change the first part to "A circumstance between buyer and seller that permits the independence of both parties to reach fair and reasonable agreements while ..."
- Change to "A business circumstance ..."
- Change to "...in their business or personal dealings"

(5) Discussion: Several respondents indicated that the word "distance" could be improved upon. Although the basic definition was valid, the researcher agreed with this recommendation and substituted the phrase "independent interests."

c. *Third Iteration*

(1) Proposed definition:

A circumstance in which the buyer and seller sufficiently maintain their independent interests to alleviate any actual or perceived impropriety in their business dealings while still maintaining a professional, functioning business relationship.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	38	(92.7)
Somewhat Agree	(3)	3	(7.3)
Somewhat Disagree	(2)	0	(0.0)
Strongly Disagree	(1)	0	(0.0)
No Response		0	
Average (4.0 Scale)		3.93	

(3) Discussion: As no written recommendations were received and there was a high level of consensus, the definition was not modified.

d. *Final Proposed Definition*

A circumstance in which the buyer and seller sufficiently maintain their independent interests to alleviate any actual or perceived impropriety in their business dealings while still maintaining a professional, functioning business relationship.

Synonyms: Business Relationship, Ethical Relationship, Professional Relationship, Independent Relationship, Equality of Relationship, "By the Book," Separation.

Antonyms: Collusive Relationship, One-sidedness, Cooperative Agreement, Conflict of Interest, Prejudicial, Sweetheart deal, Sweetheart relationship, Favoritism.

Example(s): Avoidance of contractor-sponsored social event(s) by members of the buyer's staff.

3. Auctioning

a. *First Iteration*

(1) Proposed definition:

(i) Generally, a public sale in which property or items are sold to the highest bidder; or,

(ii) In the negotiation process, an attempt to reduce the price of an item or service through repetitive rounds of communication.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	36	(63.2)
Somewhat Agree	(3)	19	(33.3)
Somewhat Disagree	(2)	2	(3.5)
Strongly Disagree	(1)	0	(0.0)
No Response		0	
Average (4.0 Scale)		3.60	

(3) The following comment was used to revise the definition:

- In (ii), add "competitive" before "negotiation"

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- In (i), does it have to be a public sale?
- In (ii), add "among bidders" to the end.
- In (ii), add "not fully open" before "... repetitive rounds of ..."
- In (ii), add "between all offerors" to the end of the sentence
- In (ii), does it have to be an attempt to reduce price? What about other terms such as delivery time, quality, etc.?
- Replace "communication" with "offers and counteroffers."

(5) Discussion: As over 96 percent of the volunteers either "Strongly Agreed" or "Somewhat Agreed," the researcher determined that the basic definition was valid and required only minor modification.

b. Second Iteration

(1) Proposed definition:

(i) Generally, a public sale in which property or items are sold to the highest bidder; or,

(ii) In the competitive negotiation process, an attempt to reduce the price of an item or service through repetitive rounds of communication.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	35	(74.5)
Somewhat Agree	(3)	11	(23.4)
Somewhat Disagree	(2)	1	(2.1)
Strongly Disagree	(1)	0	(0.0)
No Response		0	
Average (4.0 Scale)		3.72	

(3) The following comments were used to revise the definition:

- Change (i) to "... items are sold to the buyer with the highest bid."

- In (ii), you should indicate that each party is aware of the other parties' offers. (2 similar comments)
- In (ii), add "that reveal prices offered by the competitors." (2 similar comments)
- In (ii), add "... while identifying the price to beat." (2 similar comments)

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Part (i) describes an auction, not auctioning.
- In (ii), change "communication" to "proposals or bids."

(5) Discussion: The recommendation for part (i) was integrated for grammatical reasons. As six volunteers indicated that some mention of disclosure of the competitors' prices was required, part (ii) of the proposed definition was modified accordingly.

c. Third Iteration

(1) Proposed definition:

(i) Generally, a public sale in which property or items are sold to the buyer with the highest bid; or,

(ii) In the competitive negotiation process, an attempt to reduce the price of an item or service through repetitive rounds of communication wherein the buyer reveals the prices offered by the competitor(s).

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	34	(82.9)
Somewhat Agree	(3)	3	(7.3)
Somewhat Disagree	(2)	2	(4.9)
Strongly Disagree	(1)	2	(4.9)
No Response		0	
Average (4.0 Scale)		3.68	

(3) The following comment was used to revise the definition:

- The buyer does not necessarily reveal the price. (5 similar comments)

(4) The following comment, although valid, was not integrated into the revised definition as the researcher determined that it did not substantially change the definition:

- Not necessarily ~~repetitive~~ rounds

(5) Discussion: The researcher that, while the price may be revealed during the repetitive rounds of communication, it is not mandatory to do so. Therefore, the definition was modified to indicate that the price may be revealed. Also, in addition to the price, the buyer may reveal "other terms" offered by the competitor(s).

d. Final Proposed Definition

(i) Generally, a public sale in which property or items are sold to the buyer with the highest bid; or,

(ii) In the competitive negotiation process, an attempt to reduce the price of an item or service through repetitive rounds of communication wherein the buyer may reveal the prices or other terms offered by the competitor(s).

Synonyms: Ratcheting.

Antonyms: None noted.

Example(s): Example of (i): selling confiscated property by the Drug Enforcement Agency (DEA) or selling excess property by a Defense Reutilization Material Office (DRMO). Example of (ii): Multiple calls for Best and Final Offer (BAFO).

4. Bidder

a. First Iteration

(1) Proposed definition:

A company or individual who offers to perform a contract in response to a solicitation by providing goods and/or services for a specific price.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	29	(50.9)
Somewhat Agree	(3)	25	(43.8)
Somewhat Disagree	(2)	2	(3.5)
Strongly Disagree	(1)	1	(1.8)
No Response		0	
Average (4.0 Scale)		3.44	

(3) The following comments were used to revise the definition:

- Change "a contract in response to a solicitation" to "the requested work as set forth in the solicitation"
- Change "for a specific price" to "for consideration."
- Delete the word "specific"

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Add "fixed" before "price"
- Change to "... who makes a bid in response to an Invitation for Bid." (2 similar comments)
- Add "corporation"
- Add "... and in accordance with contract terms."

(5) Discussion: Although this term received a "below average" score of 3.44, the researcher determined that none of the volunteers' recommended comments represented a substantial change from the proposed definition. Therefore, only minor modifications were made. For example, the recommendation to add the word corporation was not integrated as a corporation is, by definition, a company which has incorporated.

b. *Second Iteration*

(1) Proposed definition:

A company or individual who offers to perform requested work, as set forth in a solicitation, by providing goods and/or services for consideration.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	38	(80.9)
Somewhat Agree	(3)	7	(14.9)
Somewhat Disagree	(2)	1	(2.1)
Strongly Disagree	(1)	0	(0.0)
No Response		0	
Average (4.0 Scale)		3.72	

(3) The following comments were used to revise the definition:

- Must work in the concept of "fixed" price or consideration.
- Change to "A company or individual who offers to perform requested work for a fixed price, as set forth in a solicitation, and for which price is the only selection factor."
- Add "... wherein the nature of the work to be performed is clearly defined and the consideration is specifically identified."

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Add "corporation" or "business"
- Change last phrase to "... and/or services *in return* for consideration."
- A bidder can be a team or more than one company or individual.

(5) Discussion: The researcher acknowledged that bidders bid on specifically identified specifications where price is the deciding factor while offerors may submit proposals with different specifications and price may not be as important a factor. Therefore, concepts from each of the first three recommendations were incorporated into the revised definition.

c. *Third Iteration*

(1) Proposed definition:

A company or individual who offers to perform requested work, the nature of which has been clearly defined in a solicitation, for specifically identified consideration such as a fixed price.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	33	(80.5)
Somewhat Agree	(3)	6	(14.6)
Somewhat Disagree	(2)	2	(4.9)
Strongly Disagree	(1)	0	(0.0)
No Response		0	
Average (4.0 Scale)		3.76	

(3) The following comments were used to revise the definition:

- Delete "clearly;" if they were clearly defined, we wouldn't need a bid protest procedure. (2 similar comments)
- Change to "A company or individual who offers to perform requested work for specifically identified consideration."

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Change "... offers to perform ..." to "...bids on ..."
- Delete "... such as a fixed price."
- Change "specifically identified consideration" to "a fixed price within a required delivery schedule."
- Add "... or estimated cost plus fee" to the end.

(5) Discussion: In the interest of keeping the definition as general as possible, the researcher deleted most of the detailed parts of the definition.

d. *Final Proposed Definition*

A company or individual who offers to provide requested goods or services for specifically identified consideration.

Synonyms: Proposer, seller, contractor, trader, vendor.

Antonyms: Buyer, purchaser.

Example(s): None noted.

5. Boilerplate

a. *First Iteration*

(1) Proposed definition:

(Colloquialism) Refers to the standard clauses or language, generally not subject to frequent change, ordinarily found preprinted in a contractual document.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	43	(76.8)
Somewhat Agree	(3)	12	(21.4)
Somewhat Disagree	(2)	1	(1.8)
Strongly Disagree	(1)	0	(0.0)
No Response		1	
Average (4.0 Scale)		3.75	

(3) The following comments were used to revise the definition:

- After "frequent change" add "or exception."
- Change to "... generally acceptable to and readily understood by the parties and is usually preprinted or included 'by reference' in contracts or other documents."

(4) Discussion: All but one volunteer either "Strongly Agreed" or "Somewhat Agreed." Only two written recommendations were received but the researcher determined that they were both excellent and therefore incorporated them into the revised definition. Also, the phrase "Refers to the ..." was deleted.

b. Second Iteration

(1) Proposed definition:

(Colloquialism) Standard clauses or language generally not subject to frequent change or exception, usually acceptable to and readily understood by the parties and found preprinted or included by reference in contracts or other documents.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	39	(86.7)
Somewhat Agree	(3)	5	(11.1)
Somewhat Disagree	(2)	0	(0.0)
Strongly Disagree	(1)	1	(2.2)
No Response		2	
Average (4.0 Scale)		3.82	

(3) The following comment was used to revise the definition:

- Add "related" to describe documents.

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Delete "... usually acceptable to and readily understood by the parties ..."
- Add "... usually specified by law or regulation"

(5) Discussion: Most volunteers "Strongly Agreed" with the definition as revised and as such, little or no modification was needed. The researcher did feel that the word "related" was appropriate to identify a relationship between a contract and the other documents.

c. Third Iteration

(1) Proposed definition:

(Colloquialism) Standard clauses or language generally not subject to frequent change or exception, usually acceptable to and readily understood by the parties and found preprinted or included by reference in contracts or other related documents.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	41	(100.0)
Somewhat Agree	(3)	0	(0.0)
Somewhat Disagree	(2)	0	(0.0)
Strongly Disagree	(1)	0	(0.0)
No Response		0	
Average (4.0 Scale)		4.00	

(3) Discussion: As one hundred percent of the volunteers "Strongly Agreed" and no written recommendations were received, the proposed definition was not modified.

d. Final Proposed Definition

(Colloquialism) Standard clauses or language generally not subject to frequent change or exception, usually acceptable to and readily understood by the parties and found preprinted or included by reference in contracts or other related documents.

Synonyms: Standard Terms and Conditions (T&Cs), General Conditions, Mandatory Clauses, Tailored Clauses, Fine Print or Small Print (colloquialisms).

Antonyms: Special Terms and Conditions.

Example(s): Clauses governing delivery, acceptance, invoicing, payments and/or warranty, required flowdown clauses.

6. Buy-In

a. First Iteration

(1) Proposed definition:

A management practice of knowingly submitting an unreasonably low offer, often at or below cost, in order to obtain award of a contract and thus discourage competition, maintain business, or keep down overhead, and usually in the hope of making later recovery.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	38	(66.7)
Somewhat Agree	(3)	13	(22.8)
Somewhat Disagree	(2)	4	(7.0)
Strongly Disagree	(1)	2	(3.5)
No Response		0	
Average (4.0 Scale)		3.53	

(3) The following comments were used to revise the definition:

- Change "practice" to "technique" ("practice" sounds like business-as-usual)
- Delete "unreasonably"
- Change "A management practice" to "The practice" or "A business practice"
- Delete "... and thus discourage competition, maintain business, or keep down overhead, and ..."

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Delete "and usually in the hope of making later recovery."
- Nothing to do with discouraging competition: Change to "...to obtain or increase market share..."
- Change "discourage" to "diminish"

(5) Discussion: As two-thirds of the volunteers "Strongly Agreed" with the initial definition, the researcher determined that only the following minor changes were required: the word "practice" was changed to "technique" and the word "unreasonably" was changed to "unusually." And as "making later recovery" could cover many possibilities, that phrase was substituted for "and thus discourage ...".

b. Second Iteration

(1) Proposed definition:

A technique of knowingly submitting an unusually low offer, often at or below cost, in order to obtain award of a contract and usually in the hope of making later recovery.

2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	37	(82.2)
Somewhat Agree	(3)	7	(15.6)
Somewhat Disagree	(2)	0	(0.0)
Strongly Disagree	(1)	1	(2.2)
No Response		2	
Average (4.0 Scale)		3.78	

(3) The following comments were used to revise the definition:

- Change to "A technique where an offeror knowingly submits ..."
- Change "and usually in the hope of" to "usually with the hope of"
- Add "... or to secure a basis for future contracts ..." after "obtain award of a contract."

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Change "unusually" to "unreasonably"
- Change to "... unusually and unreasonably ..."
- Delete "usually," I think that the concept of making a later recovery is essential to buy-in.
- Later recovery is not necessarily the objective of a buy-in. More often than not, it is done to enter or establish the company in the business. The buy-in expense is never recovered but is viewed rather as a long-term investment.
- Change to "... often at or below anticipated cost ..."

- Change to "A technique of knowingly submitting an unusually attractive economic offer in an attempt to so far undercut the competition in the near term that they will not be considered for the award and with the intent of recovering any economic losses through future contracts."

(5) Discussion: Of the three recommendations that were integrated, the first two were grammatical in nature. The third was integrated to acknowledge that the vendor may not expect to recover on this contract but could potentially with the award of future contracts.

c. Third Iteration

(1) Proposed definition:

A technique of knowingly submitting an unusually low offer, often at or below cost, in order to obtain award of the contract, usually with the hope of making later recovery through modifications or to secure a basis for future contracts.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	39	(95.1)
Somewhat Agree	(3)	2	(4.9)
Somewhat Disagree	(2)	0	(0.0)
Strongly Disagree	(1)	0	(0.0)
No Response		0	
Average (4.0 Scale)		3.95	

(3) The following comment was used to revise the definition:

- Change "through modifications or to secure ..." to "through modifications or through award of future contracts."

(4) The following comment, although valid, was not integrated into the revised definition as the researcher determined that it did not substantially change the definition:

- Delete "unusually."

(5) Discussion: The recommendation to modify the last phrase of the definition was integrated for grammatical reasons.

d. *Final Proposed Definition*

A technique of knowingly submitting an unusually low offer, often at or below cost, in order to obtain award of the contract and usually with the hope of making later recovery through modifications or through award of future contracts.

Synonyms: Low-balling, Loss-leader.

Antonyms: High-balling.

Example(s) None noted.

7. Buyer-Seller Relationship

a. *First Iteration*

(1) Proposed definition:

An association between a buyer and a seller established by a contractual agreement.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	29	(54.7)
Somewhat Agree	(3)	15	(28.3)
Somewhat Disagree	(2)	7	(13.2)
Strongly Disagree	(1)	2	(3.8)
No Response		4	
Average (4.0 Scale)		3.34	

(3) The following comments were used to revise the definition:

- Add "or a prospective contractual agreement." (4 similar comments)
- This situation could exist before award, during award and after award.
- Replace with "An association between a purchaser and provider of goods or services which may be informal or established by a contractual agreement."

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Agree if non-written agreements such as a handshake are included.
- Add "or as evidenced by performance."
- "Contractual agreement" sounds too formal ... perhaps delete "contractual."
- Add "... or through the course of doing business."
- May not be established by a contractual agreement at all. (3 similar comments)
- Replace with "The process by which a buyer and a seller approach a common goal which is to exchange supplies, property or services for resources of the buyer."
- Regarding the need for a "contractual agreement:" How about a standing monopsony?
- Replace "established by" with "resulting from" or "as a result of"
- Delete "a" from before buyer and seller.

(5) Discussion: Although seventeen percent of the volunteers either "Somewhat Disagreed" or "Strongly Disagreed" over half (54.7 %) "Strongly Agreed." The researcher determined that only minor changes would be required.

b. Second Iteration

(1) Proposed definition:

An association between a buyer and a seller established by a contractual agreement or a prospective contractual agreement.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	39	(84.8)
Somewhat Agree	(3)	6	(13.0)
Somewhat Disagree	(2)	1	(2.2)
Strongly Disagree	(1)	0	(0.0)
No Response		1	
Average (4.0 Scale)		3.83	

(3) The following comment was used to revise the definition:

- Change to "The association between buyer and seller established directly by a contractual agreement or indirectly by a working arrangement"

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Change the opening to "A business relationship ..."
- Change to "The demonstrated business association between buyer and seller established by market forces, a contractual agreement or by a potential contractual agreement."
- Change to "The relationship between buyer and seller established by industry practice, contractual agreement or by a potential contractual agreement, and those limitations that are imposed by law or procedures."

(5) Discussion: After careful consideration, the researcher recognized that the buyer-seller relationship can be established before a contract or even a potential contract; therefore, the recommendation concerning an indirect working arrangement was integrated. Additionally, the word prospective was changed to potential.

c. Third Iteration

(1) Proposed definition:

An association between a buyer and a seller established directly by a contractual agreement or a potential contractual agreement, or indirectly by a working arrangement.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	39	(95.1)
Somewhat Agree	(3)	2	(4.9)
Somewhat Disagree	(2)	0	(0.0)
Strongly Disagree	(1)	0	(0.0)
No Response		0	
Average (4.0 Scale)		3.95	

(3) The following comment was used to revise the definition:

- Change "...by a contractual agreement or a potential contractual agreement ..." to "... by a potential or actual contractual agreement..."

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Change "association" to "arrangement" or to "affiliation."
- Change to "... or by a potential ..."

(5) Discussion: The researcher changed the last phrase of the definition for grammatical reasons. After investigation the meanings of association, arrangement, and affiliation, the researcher determined that association is appropriate.

d. Final Proposed Definition

An association between a buyer and a seller established directly by an actual or potential contractual agreement, or indirectly by a working arrangement.

Synonyms: Business agreement.

Antonyms: None noted.

Example(s): None noted.

8. Commercial Item

a. First Iteration

(1) Proposed definition:

An item, including both supplies and services, of a class or kind that is 1) regularly used for other than government purposes and 2) has been sold, leased, or licensed to the general public, or has been offered for sale, lease, or license to the general public.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	25	(43.3)
Somewhat Agree	(3)	17	(29.8)
Somewhat Disagree	(2)	12	(21.0)
Strongly Disagree	(1)	3	(5.3)
No Response		0	
Average (4.0 Scale)		3.12	

(3) The following comments were used to revise the definition:

- Add "... or is scheduled to be made available to the general public in the near future." (2 similar comments)
- Add "... or is anticipated to be offered for sale, lease or license to the general public." (2 similar comments)
- Change to "An end item, including either supplies or services ..."
- Change to "A supply or service 1) regularly used for other than government purposes and 2) sold, leased, or licensed to the general public, or offered for sale, lease, or license to the general public."

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Delete part "1)"
- Delete "and services" (2 similar comments)
- Delete "of a class or kind" (2 similar comments)

- Change to "... that is 1) regularly used for both public and private sector purposes and 2) ..."
- Does not include services unless they are in support of a commercial item.
- Reverse the order of 2) with 1)
- Add "... has been developed for use without government funding and is primarily ..." just before '1)' (2 similar comments)
- Add "... under comparable terms and conditions" to the end.
- After "An item," add "other than real property and services offered on hourly rates..."
- Add "... in the open market."
- Add "... and can reasonably be obtained through the commercial industrial base."
- Delete "including both supplies and services"
- Change "regularly" to "predominately"
- Add "substantial" in front of quantities
- Recommend "A product or service which is available in the open market for purchase by the general public and may be used for either private or public purposes."

(5) Discussion: This term generated substantially more comment than most. Additionally, more volunteers disagreed with the initial definition, resulting in a lower-than-average score of 3.12. The researcher agreed with the recommendation that a commercial item could also be one that will be available to the public in the foreseeable future. Therefore the definition was changed to incorporate that point.

b. Second Iteration

(1) Proposed definition:

An end item, including either supplies or services, of a class or kind that 1) is regularly used for both public and private sector purposes, and 2) has been sold, leased, or licensed to the general public, or has been

offered (or is anticipated to be offered) for sale, lease, or license to the general public.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	35	(76.1)
Somewhat Agree	(3)	8	(17.4)
Somewhat Disagree	(2)	1	(2.2)
Strongly Disagree	(1)	2	(4.3)
No Response		1	
Average (4.0 Scale)		3.65	

(3) The following comment was used to revise the definition:

- Add "through catalog or market prices" to the end.

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Change "public and private" to "public or private"
- Not limited to just an end item.
- Anticipation of being offered is going a little too far!
- Delete "or is anticipated to be offered."
- I like the part about "... or is anticipated to be offered..."
- Add "primarily" in "has been ... offered."
- Add "other than real property"
- Add "and can be imported or exported through normal international trade channels."
- Change "... anticipated to be offered ...: to "... capable of being offered ..."

(5) Discussion: The second iteration was much more acceptable to the volunteers, generating less written comment and receiving a

higher score of 3.65. Interestingly, the "anticipated to be offered" phrase received contradictory recommendations.

c. Third Iteration

(1) Proposed definition:

An end item, including either supplies or services, of a class or kind that 1) is regularly used for both public and private sector purposes, and 2) has been sold, leased, or licensed to the general public, or has been offered (or is anticipated to be offered) for sale, lease, or license to the general public at catalog or market prices.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	35	(85.4)
Somewhat Agree	(3)	3	(7.3)
Somewhat Disagree	(2)	2	(4.9)
Strongly Disagree	(1)	1	(2.4)
No Response		0	
Average (4.0 Scale)		3.77	

(3) Discussion: As no written recommendations were received and as the term reached a high level of consensus, the definition remained unchanged.

d. Final Proposed Definition

An end item, including either supplies or services, of a class or kind that 1) is regularly used for both public and private sector purposes, and 2) has been sold, leased, or licensed to the general public, or has been offered (or is anticipated to be offered) for sale, lease, or license to the general public at catalog or market prices.

Synonyms: General Use Item, Catalog Item, Commercial off-the-shelf (COTS), non-proprietary, non-developmental.

Antonyms: Government Use Item, Custom Item.

Example(s): Office supplies, photocopy machines, aviation fuel, common tools, vehicles, commercial aircraft, desktop or laptop computers, repair services, training services.

9. Contracting Officer's Technical Representative (COTR)

a. *First Iteration*

(1) Proposed definition:

A person designated to assist the contracting officer in matters related to contract inspection, acceptance, and other duties. This person acts as the "eyes and ears" of the contracting officer. Without a specific delegation of authority, the COTR may not make contracting officer decisions.

(2) Respondents indicated their evaluation of this term as follows:

<u>Description</u>	<u>Points</u>	<u>Number</u>	<u>Percentage</u>
Strongly Agree	(4)	31	(55.4)
Somewhat Agree	(3)	21	(37.4)
Somewhat Disagree	(2)	2	(3.6)
Strongly Disagree	(1)	2	(3.6)
No Response		1	
Average (4.0 Scale)		3.45	

(3) The following comments were used to revise the definition:

- Change "may not" to "shall not"
- Add "technical" to matters (e.g., "in technical matters related to ...") (3 similar comments)
- Delete the second sentence (e.g., "eyes and ears")
- Substitute for the last sentence: "The COTR may not make any comments or suggestions that would change performance from that stated in the contract, or may he make any decision for the contracting officer unless specifically delegated in writing."

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Delete "contract" in the first sentence.
- Add "Statement of Work interpretation" to the first sentence.
- Replace "... contracting officer decisions" with "... decisions that are binding on the Government."

(5) Discussion: Although the vast majority of the volunteers either "Strongly-" or "Somewhat Agreed" with the definition as first proposed, the researcher determined that many of the written comments were valid and thus were incorporated into the revised definition.

b. Second Iteration

(1) Proposed definition:

A person designated to assist the contracting officer in technical matters related to contract inspection, acceptance, and other duties, who shall neither make any comments or suggestions that would change performance from that stated in the contract nor make any decision for the contracting officer unless specifically delegated in writing.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	32	(71.1)
Somewhat Agree	(3)	8	(17.8)
Somewhat Disagree	(2)	5	(11.1)
Strongly Disagree	(1)	0	(0.0)
No Response		2	
Average (4.0 Scale)		3.60	

(3) The following comments were used to revise the definition:

- Add "or cost" after performance.
- Definition comes across too negatively because it directs undue attention to the restrictions imposed. Recommend changing the second half to "... and other duties as specifically delegated by the contracting officer in writing."
- Change "who shall neither make any comments or suggestions that would change performance" to "who may not direct a change in performance."
- Change "A person designated..." to "A person with specific authority delegated by the contracting officer..."

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- COTR is encouraged to make suggestions and comments that would make the process better.
- Change the first line to "... assist the contracting officer in *specifically delegated* technical matters related to ..."
- Change "assist" to "represent"
- Depending on the life of the contract, various issues can arise which would require the COTR to make suggestions affecting performance as related to work-arounds in order to maintain progress. The CO must, of course, concur in writing.
- Add "and quality assurance" after technical.
- Change "A person" to "A Government employee"
- Change to "A person designated to assist the contracting officer and the program manager in program-related matters after contract award, who shall neither make any comments or suggestions that would change performance from that stated in the contract nor make any decision for the contracting officer nor perform any contract administration for functions assigned to the contract administration office unless specifically delegated in writing."

(5) The following comments were not considered to be valid by the researcher for the reasons stated in paragraph (6):

- COTR relates to services only.
- Term should be Contracting Officer's Representative (COR) [2 similar comments]

(6) Discussion: As the vast majority of volunteers "Strongly Agreed" or "Somewhat Agreed" with the proposed definition, the large number of written comments indicated to the researcher that the definition was not as precise as it could be. Therefore, comments were integrated that would clarify, but not change, the definition. Also, COTR does not apply to services only and, although COR and COTR are synonyms, this study is attempting to clarify the term COTR.

c. *Third Iteration*

(1) Proposed definition:

A person with specific authority to assist the contracting officer in technical matters related to contract inspection, acceptance, and other duties. This person shall not direct a change in performance or cost or

make any decision for the contracting officer unless specifically delegated in writing.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	36	(87.8)
Somewhat Agree	(3)	5	(12.2)
Somewhat Disagree	(2)	0	(0.0)
Strongly Disagree	(1)	0	(0.0)
No Response		0	
Average (4.0 Scale)		3.88	

(3) The following comments were used to revise the definition:

- Change "... with specific authority ..." to "designated."
- Add "specified" before duties

(4) The following comment, although valid, was not integrated into the revised definition as the researcher determined that it did not substantially change the definition:

- Change to "... with specific written authority ..."

(5) Discussion: The researcher agreed with the recommendation to change the phrase specific authority back to designated. How the person is designated, with specific written authorization, was already covered by the phrase "specifically delegated in writing." Also, the word specified was added to modify the word duties.

d. Final Proposed Definition

A person designated to assist the contracting officer in technical matters related to contract inspection, acceptance, and other specified duties. This person shall not direct a change in performance or cost or make any decision for the contracting officer unless specifically delegated in writing.

Synonyms: Contracting Officer's Representative (COR), Technical Representative of the Contracting Officer (TRCO).

Antonyms: None noted.

Example(s): In-Plant Representative.

10. Delinquency

a. First Iteration

(1) Proposed definition:

(i) Generally, a failure, omission or violation of a contractual obligation or duty; or,

(ii) In the procurement process, the actual failure by the contractor to meet the contract delivery or performance schedule, performance requirements or by failing to maintain required progress in contract performance as required by the contract delivery or performance schedule.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	38	(73.1)
Somewhat Agree	(3)	8	(15.4)
Somewhat Disagree	(2)	4	(7.7)
Strongly Disagree	(1)	2	(3.8)
No Response		4	
Average (4.0 Scale)		3.58	

3) The following comment was used to revise the definition:

- Does this definition preclude the government from being delinquent? Change "by the contractor" to "by one party" or "either party." (3 similar comments)

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Change (ii) to "In the procurement process, the failure by the contractor to meet the contract delivery, performance schedule, or performance requirements or to maintain required progress in contract performance as required by the contract delivery or performance schedule."
- Change (ii) to "In the procurement process, the actual failure by the contractor to meet one or more terms of the contract." [Delete all else]

- Change (ii) to "Under a contract, the actual failure by the contractor or the Government to meet the required contract delivery or performance schedule requirements without fault of the other party."
- In (ii), change "... contract delivery or performance schedule" to "... terms and conditions of the contract."
- Need to get the word "late" in there somewhere.
- Need to tie to aspect of "time."
- Part (i) is more a definition of "breach" than "delinquency."
- The term should be Deficiency instead of Delinquency

(5) Discussion: In order to acknowledge that the Government could also be delinquent (for example, if the Government were to fail to deliver GFE on time), the recommendation to change the contractor to one party was integrated.

b. Second Iteration

(1) Proposed definition:

(i) Generally, a failure, omission or violation of a contractual obligation or duty; or,

(ii) In the procurement process, the failure by one party to meet the contract delivery, performance schedule, or performance requirements or to fail to maintain required progress in contract performance.

(2) Respondents indicated their evaluation of this term as follows:

<u>Description</u>	<u>Points</u>	<u>Number</u>	<u>Percentage</u>
Strongly Agree	(4)	43	(93.5)
Somewhat Agree	(3)	2	(4.3)
Somewhat Disagree	(2)	1	(2.2)
Strongly Disagree	(1)	0	(0.0)
No Response		1	
Average (4.0 Scale)		3.91	

(3) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Eliminate (i)

- Delinquency is not the same as default!
- Change (i) to "Generally, a time-related failure, omission or violation of a contractual obligation or duty; or,
- Change (ii) to "In the procurement process, the failure by the seller to meet the contract required dates or time frame for delivery or performance schedule or to fail to maintain required progress in contract performance

(4) Discussion: As over 93 percent of the volunteers "Strongly Agreed" with the proposed definition, and the researcher determined that implementation of the written comments would not substantially change the meaning of the term, the third iteration definition was not modified.

c. Third Iteration

(1) Proposed definition:

(i) Generally, a failure, omission or violation of a contractual obligation or duty; or,

(ii) In the procurement process, the failure by one party to meet the contract delivery, performance schedule, or performance requirements or to fail to maintain required progress in contract performance.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	38	(92.7)
Somewhat Agree	(3)	2	(4.9)
Somewhat Disagree	(2)	1	(2.4)
Strongly Disagree	(1)	0	(0.0)
No Response		0	
Average (4.0 Scale)		3.90	

(3) The following comment was used to revise the definition:

- Technically, delinquency addresses the time/date aspect of performance, not the actual performance requirement itself.

(4) Discussion: The researcher agreed that, in the procurement process, delinquency refers to a failure to meet schedule requirements, not performance requirements. As such, the final definition was modified to incorporate that point.

d. Final Proposed Definition

(i) Generally, a failure, omission or violation of a contractual obligation or duty; or,

(ii) In the procurement process, the failure by one party to meet the contract delivery or performance schedule requirements, or to fail to maintain required progress.

Synonyms: Late Delivery, Late Payment, Failure to maintain adequate progress, non-conformance, non-compliance, negligence.

Antonyms: Compliance or conformance with contract terms, punctuality, timeliness, early delivery.

Example(s): Contractor fails delivery (may lead to default); Government fails to deliver GFE (may lead to an Equitable Adjustment).

11. Equitable Adjustment

a. First Iteration

(1) Proposed definition:

The compensation or price adjustment to which one party is entitled upon the occurrence of some special event, such as the issuance of a contract change order. The adjustment may incorporate modifications of other terms and conditions as necessary to return the parties to their relative positions existing at the time the work requirement was altered.

(2) Respondents indicated their evaluation of this term as follows:

<u>Description</u>	<u>Points</u>	<u>Number</u>	<u>Percentage</u>
Strongly Agree	(4)	26	(46.4)
Somewhat Agree	(3)	22	(39.3)
Somewhat Disagree	(2)	7	(12.5)
Strongly Disagree	(1)	1	(1.8)
No Response		1	
Average (4.0 Scale)		3.30	

(3) The following comments were used to revise the definition:

- Delete the word "special" from "special event" (2 similar comments)
- Change "at the time the work requirement was altered" to "at the time of the change."
- Although usually thought of as additional dollars, it could be other forms of consideration such as schedule relief. (3 similar comments)
- Change "to which one party is entitled" to "to which one party may be entitled"

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Change "at the time the work requirement was altered" to "at the time the event occurred."
- Change "some special event" to "a change of the expressed requirements of the contract"
- After "special event" add, "that was not originally considered or priced when the contract was awarded."
- Add "by the buyer" to the end of the first sentence.
- Change to "The adjustment in contract price, terms or conditions that one party considers satisfactory as a result of action, inaction or changed conditions which are the responsibility of the other party"
- Change to "The mutual agreement that results in a settlement between the parties to a contract necessitated by changes to the contract terms and conditions."
- Change to "The consideration given by one party to the other when the terms, conditions or specifications agreed upon at the outset of a contract are revised by one of the parties and results in either an increase or decrease from the work which was originally contemplated."
- Delete entire second sentence.
- Delete everything after "... as necessary."

- Change to "A mutually agreed change in the contract price and/or other terms and conditions, to which one of the parties is entitled under the terms of the contract..."
- Add "... and for which the Contractor asserts his right to an adjustment" to the end of the first sentence.
- Need to work in the phrase "mutual agreement of the parties."
- Can be a result of deficiencies in a Spec and does not have to occur prior to work completion.
- The special event you refer to must be recognized by both parties in order to determine further actions.

(5) Discussion: This term received a below-average score of 3.30 as well as substantial written comment. However, the researcher believed that the basic definition was valid, and integrated recommendations that would clarify the definition without substantially changing it.

b. Second Iteration

(1) Proposed definition:

The adjustment in consideration to which one party may be entitled as a result of action, inaction, or other changed condition caused by the other party. The adjustment may incorporate modifications to price or to other terms and conditions as necessary to return the parties to their relative positions existing at the time of the change.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	39	(83.0)
Somewhat Agree	(3)	5	(10.6)
Somewhat Disagree	(2)	1	(2.1)
Strongly Disagree	(1)	2	(4.2)
No Response		0	
Average (4.0 Scale)		3.72	

(3) The following comments were used to revise the definition:

- Change "... caused by the other party" to "... for which the other party is responsible"

- Add "or compensation" after consideration.
- Recommend some mention of "keeping the parties whole." (2 similar comments)

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Delete all after "... or to other terms and conditions." The parties may not want to return to their original position, but just be compensated for the change.
- Change "...to return the parties to their relative positions existing at the time of the change" to "... to compensate the party affected by the change."
- Delete "... to which one party may be entitled ..."

(5) Discussion: The researcher determined that implementation of the first two comments would clarify the definition. The comment regarding "keeping the parties whole" was not included in the definition but rather included as a synonym.

c. Third Iteration

(1) Proposed definition:

The adjustment in compensation or consideration to which one party may be entitled as a result of action, inaction, or other changed condition for which the other party is responsible. The adjustment may incorporate modifications to price or to other terms and conditions as necessary to return the parties to their relative positions existing at the time of the change.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	39	(95.1)
Somewhat Agree	(3)	2	(4.9)
Somewhat Disagree	(2)	0	(0.0)
Strongly Disagree	(1)	0	(0.0)
No Response		0	
Average (4.0 Scale)		3.95	

(3) The following comment was used to revise the definition:

- The "other party" is not necessarily responsible; what about "Acts of God?"

(4) The following comment, although valid, was not integrated into the revised definition as the researcher determined that it did not substantially change the definition:

- Add something about an adjustment in schedule or time.

(5) Discussion: The researcher agreed that the other party may not be responsible; therefore the word "may" was incorporated into the final definition. And, as an "adjustment in schedule or time" is already covered by the phrase "other terms and conditions," the researcher declined to make that modification.

d. Final Proposed Definition

The adjustment in compensation or consideration to which one party may be entitled as a result of action, inaction, or other changed condition for which the other party may be responsible. The adjustment may incorporate modifications to price or to other terms and conditions as necessary to return the parties to their relative positions existing at the time of the change.

Synonyms: Negotiated agreement, fair trade, trade-off, "to make whole."

Antonyms: None noted.

Example(s): A claim by the contractor after issuance of a constructive or cardinal change order to modify cost, schedule, or performance.

12. Fact Finding

a. First Iteration

(1) Proposed definition:

(i) During the procurement process, the action of identifying and obtaining information necessary to complete the evaluation of proposals, and most particularly in preparation for contract negotiations; or

(ii) A technique of Alternative Dispute Resolution (ADR) where a third party attempts to reduce or eliminate conflict concerning factual, rather than legal, matters.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	34	(63.0)
Somewhat Agree	(3)	15	(27.8)
Somewhat Disagree	(2)	4	(7.4)
Strongly Disagree	(1)	1	(1.9)
No Response		3	
Average (4.0 Scale)		3.52	

(3) The following comments were used to revise the definition:

- Replace (i) with "During the procurement process, action initiated by the buyer to identify and obtain information to clarify the seller's proposal for the purpose of preparing for contract negotiations."
- Replace (ii) with "A technique of Alternative Dispute Resolution (ADR) where a third party identifies and obtains information about factual basis of the issues needing resolution."

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- In (i), add "and claims" after "evaluation of proposals"
- In (i), insert "between the buyer and seller" after "the action"
- In (i), add "and legitimacy" after "the evaluation"

- Replace (i) with "During the procurement process, identifying and obtaining information necessary to complete the evaluation of proposals and prepare for contract negotiations."
- Replace (i) with "The process of discovery either during the evaluation of proposals or in the negotiation between the parties to obtain the information necessary to promote both parties understanding of the other's position and to facilitate agreement on the issues under discussion."
- Replace (ii) with "A process by which one or more of the parties to a circumstance attempts to establish physical or scientific evidence related to an occurrence. This is an objectivity process which may or may not be under a statutory or rules-of-evidence approach but which does not extend to legal interpretations of the facts and findings."
- Replace (ii) with "A technique of Alternative Dispute Resolution (ADR) where a neutral third party assists in the clarification of the relevant factors in a disagreement between the parties in order to narrow the area of disagreement and ultimately bring about a resolution."

(5) Discussion: Interestingly, most written comments were not just "changes" but rather "substitutions" for either or both parts of the proposed definition. However, as 90 percent of the volunteers either "Strongly Agreed" or "Somewhat Agreed" with the initial proposed definition, the researcher determined that only minor adjustment was necessary.

b. Second Iteration

(1) Proposed definition:

(i) During the procurement process, action conducted by the buyer to identify and obtain information to clarify the seller's proposal with the purpose of preparing for contract negotiations; or

(ii) A technique of Alternative Dispute Resolution (ADR) where a third party identifies and obtains information regarding the factual basis of the issues needing resolution.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	38	(82.6)
Somewhat Agree	(3)	7	(15.2)
Somewhat Disagree	(2)	1	(2.2)
Strongly Disagree	(1)	0	(0.0)
No Response		1	
Average (4.0 Scale)		3.80	

(3) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Delete the reference to ADR in the definition (2 similar comments)
- In (i), add "... to determine basis used and price reasonableness;" to the end.
- In (ii), change "A technique of ..." to "A technique used in ..."
- Change (i) to "An action conducted either by the buyer or the seller to identify and obtain information to clarify an issue that must be addressed;"
- Change (i) to read "...to clarify and verify elements of the seller's proposal..."

(4) Discussion: Unlike the term Mediation, in which reference to ADR in the definition itself was eliminated upon the recommendation of several volunteers, the researcher determined that the term Fact Finding is uncommon enough to warrant both the explanation of Fact Finding as used in the procurement process and well as in the ADR process. Finally, as over 97 percent of the volunteers either "Strongly Agreed" or "Somewhat Agreed," the researcher determined that the definition as proposed was valid and additional modifications were unnecessary.

c. Third Iteration

(1) Proposed definition:

(i) During the procurement process, action conducted by the buyer to identify and obtain information to clarify the seller's proposal with the purpose of preparing for contract negotiations; or

(ii) A technique of Alternative Dispute Resolution (ADR) where a third party identifies and obtains information regarding the factual basis of the issues needing resolution.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	38	(92.7)
Somewhat Agree	(3)	3	(7.3)
Somewhat Disagree	(2)	0	(0.0)
Strongly Disagree	(1)	0	(0.0)
No Response		0	
Average (4.0 Scale)		3.93	

(3) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- In (ii), change "A technique of..." to "A technique used in support of..."
- Change "buyer" to "procuring official."

(4) Discussion: As the term reached a high level of consensus and neither of the two comments received recommended substantial change, the researcher declined to modify the definition:.

d. Final Proposed Definition

(i) During the procurement process, action conducted by the buyer to identify and obtain information to clarify the seller's proposal with the purpose of preparing for contract negotiations; or

(ii) A technique of Alternative Dispute Resolution (ADR) where a third party identifies and obtains information regarding the factual basis of the issues needing resolution.

Synonyms: Information exchange, discovery, data gathering, due diligence, pre-award survey.

Antonyms: None noted.

Example(s): Discovery, obtaining labor or overhead rates or other burden factors, obtaining technical knowledge.

13. Fee

a. First Iteration

(1) Proposed definition:

An agreed-to amount beyond the estimate of costs paid to the seller for completed performance or delivery. In most instances, fee reflects a variety of factors, including risk, and, in government contracting, may be subject to statutory limitations. Convention attaches fee to cost-reimbursement type contracts in the same fashion that profit is a part of the price of fixed-price type contracts.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	37	(67.3)
Somewhat Agree	(3)	12	(21.8)
Somewhat Disagree	(2)	4	(7.3)
Strongly Disagree	(1)	0	(0.0)
No Response		2	
Average (4.0 Scale)		3.49	

(3) The following comments were used to revise the definition:

- Substitute "in addition to" for "beyond"
- Change first sentence to "A sum of money, usually expressed as a percentage of the total estimated cost in cost-reimbursement type contracts, which is paid to the seller in addition to actual costs reimbursed."
- Change last sentence to read "Convention attaches fee to cost-reimbursement type contracts as is profit in the price of fixed-price type contracts."

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Delete entire second sentence.
- Change "beyond" to "above and beyond"

- Replace entire definition with "A monetary amount beyond the cost of performance that will be paid by the buyer to the seller pursuant to mutually agreed-to conditions set forth in the contract."
- Fee may be for a range as opposed to an amount. Add "or range" after amount.
- In cost-type contracts, fee may be earned whether the work is completed or not, as long as best efforts were achieved. Delete "completed."

(5) Discussion: The researcher integrated the recommendation to change the first sentence as it more accurately explained how a fee is calculated. The other two integrated recommendations were primarily grammatical in nature.

b. Second Iteration

(1) Proposed definition:

A sum of money, usually expressed as a percentage of the total estimated cost in cost-reimbursement type contracts, which is paid to the seller in addition to actual costs reimbursed. In most instances, fee reflects a variety of factors, including risk, and, in government contracting, may be subject to statutory limitations. Convention attaches fee to cost-reimbursement type contracts in the same fashion that profit is attached to fixed-price type contracts.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	37	(80.4)
Somewhat Agree	(3)	6	(13.0)
Somewhat Disagree	(2)	2	(4.3)
Strongly Disagree	(1)	1	(2.2)
No Response		1	
Average (4.0 Scale)		3.72	

(3) The following comments were used to revise the definition:

- Don't like "as a percentage of the total estimated costs..." In Government contracting, fee as a percentage of cost is illegal.
- One might calculate the percentage for reporting purposes, but then one would risk cost-plus-percentage-of-cost if the fee isn't expressed

in dollars. Recommend changing "... as a percentage of the total estimated cost ..." to "... as a dollar figure ..."

- Cost plus percentage of cost is illegal.
- Delete "usually expressed as a percentage of the total estimated cost ..."
- You have to get rid of "percentage." It might be how it works but it smacks of CPPC.
- Change "estimated cost" to "target cost."
- Delete the part about the percentage of the total estimated cost.

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Fee in most services (cost type) contracts is on a per hour basis and is awarded on a not-to-exceed basis.
- You might want to mention award fees and incentive fees.

(5) Discussion: Although the vast majority of the volunteers "Strongly Agreed" with the revised version, there was enough concern regarding the phrase "as a percentage of estimated costs" for the researcher to realize that, although technically correct, it was a poor choice of words. Therefore, the proposed definition will be modified to eliminate the possibility of confusion concerning a cost-plus-percentage-of-cost situation.

c. Third Iteration

(1) Proposed definition:

A sum of money which is paid to the seller in addition to actual costs reimbursed. In most instances, fee reflects a variety of factors, including risk, and in government contracting may be subject to statutory limitations. Convention attaches fee to cost-reimbursement type contracts in the same fashion that profit is attached to fixed-price type contracts.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	38	(92.7)
Somewhat Agree	(3)	3	(7.3)
Somewhat Disagree	(2)	0	(0.0)
Strongly Disagree	(1)	0	(0.0)
No Response		0	
Average (4.0 Scale)		3.93	

(3) The following comment was used to revise the definition:

- Regarding the part about "Convention attaches ..." what about a Fixed Price Incentive Fee?

(4) Discussion: The volunteer was correct about the terminology used regarding FPIF contract, therefore the researcher added the word "firm" to the last sentence. Also, the second sentence was revised to enhance readability.

d. Final Proposed Definition

A sum of money which is paid to the seller in addition to actual costs reimbursed. In most instances fee reflects a variety of factors, including risk, and in government contracting may be subject to statutory limitations. Convention attaches fee to cost-reimbursement type contracts in the same fashion that profit is attached to firm-fixed-price type contracts.

Synonyms: Profit.

Antonyms: None noted.

Example(s): Fixed Fee, Award Fee, Incentive Fee.

14. Improvement Curve

a. First Iteration

(1) Proposed definition:

A technique for estimating recurring resource requirements in operations that are performed repetitively. It is based on the theory that as the total volume of units produced doubles, the cost per unit decreases by some constant percentage. It can be used to estimate direct labor hours, units of material required, or the cost of subcontracted items.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	45	(81.8)
Somewhat Agree	(3)	10	(18.2)
Somewhat Disagree	(2)	0	(0.0)
Strongly Disagree	(1)	0	(0.0)
No Response		2	
Average (4.0 Scale)		3.82	

(3) The following comments were used to revise the definition:

- Change "technique" to "tool"
- Change the second sentence to "The curve reflects decreases in cost per unit due to efficiencies available through experience as the volume of units increases."
- Change "doubles" to "increases" (2 similar comments)

(4) The following comment, although valid, was not integrated into the revised definition as the researcher determined that it did not substantially change the definition:

- Add "The technique is based upon a contractor's historical cost data of like or similar items."

(5) Discussion: Although the word "doubles" is correct, the researcher changed it to "increases" to prevent creating a definition that would be "too narrow."

b. Second Iteration

(1) Proposed definition:

A tool for estimating recurring resource requirements in operations that are performed repetitively. The curve reflects decreases in cost per unit due to efficiencies available through experience as the volume of units increases. It can be used to estimate direct labor hours, units of material required, or the cost of subcontracted items.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	38	(84.5)
Somewhat Agree	(3)	6	(13.3)
Somewhat Disagree	(2)	1	(2.2)
Strongly Disagree	(1)	0	(0.0)
No Response		2	
Average (4.0 Scale)		3.82	

(3) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Add "Among others ..." to the beginning of the last sentence.
- Add "... or as the work progresses" to the end of the second sentence.
- Delete "... or the cost of subcontracted items" from the end of the last sentence.

(4) Discussion: None of the volunteers' recommendations were integrated. However, after careful consideration the researcher determined that the third sentence was actually more of a list of examples than part of a definition. Therefore, the third sentence was deleted and listed as examples.

c. Third Iteration

(1) Proposed definition:

A tool for estimating recurring resource requirements in operations that are performed repetitively. The curve reflects decreases in cost per unit due to efficiencies available through experience as the volume of units increases.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	41	(100.0)
Somewhat Agree	(3)	0	(0.0)
Somewhat Disagree	(2)	0	(0.0)
Strongly Disagree	(1)	0	(0.0)
No Response		0	
Average (4.0 Scale)		4.00	

(3) The following comment was used to revise the definition:

- Change to "The curve reflects ~~expected~~ decreases "

(4) Discussion: The researcher agreed with the recommendation to add the word "expected;" otherwise, the definition remained unchanged.

d. Final Proposed Definition

A tool for estimating recurring resource requirements in operations that are performed repetitively. The curve reflects expected decreases in cost per unit due to efficiencies available through experience as the volume of units increases.

Synonyms: Learning Curve, Unit Curve Theory, Cumulative Average Theory.

Antonyms: None noted.

Example(s): Used to estimate direct labor hours, units of material required, or the cost of subcontracted items.

15. Market Research

a. First Iteration

(1) Proposed definition:

The process of evaluating the potential of the commercial marketplace to meet buyer requirements utilizing the techniques of Market Survey and Market Analysis.

(2) Respondents indicated their evaluation of this term as follows:

<u>Description</u>	<u>Points</u>	<u>Number</u>	<u>Percentage</u>
Strongly Agree	(4)	32	(60.4)
Somewhat Agree	(3)	18	(34.0)
Somewhat Disagree	(2)	2	(3.8)
Strongly Disagree	(1)	1	(1.9)
No Response		4	
Average (4.0 Scale)		3.53	

(3) The following comments were used to revise the definition:

- Change "utilizing the techniques of" to "utilizing such techniques as" (2 similar comments)
- Change "utilizing the techniques of" to "utilizing techniques such as"
- Change "utilizing" to "using"
- Delete "commercial" (3 similar comments)

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Add "the process of gathering and analyzing the potential of a commercial product to meet ..."
- Change to "The process of evaluating the potential resource requirements and ability of the commercial marketplace to meet buyer requirements."
- Change to "The process of evaluating the potential and practical application of the commercial marketplace to meet agency or client requirements using such techniques as ..."

- Change to "The process of collecting, organizing, analyzing and maintaining information from the marketplace for the purpose of gaining an understanding of the technology, competitive forces and capabilities of the commercial environment to meet the organization's needs for supplies and services."

(5) Discussion: The first three of the integrated recommendations were primarily grammatical in nature. The word "commercial" was deleted as it is true that a person conducting market research might also investigate other Government sources.

b. Second Iteration

(1) Proposed definition:

The process of evaluating the potential of the marketplace to meet buyer requirements using such techniques as Market Survey and Market Analysis.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	38	(80.9)
Somewhat Agree	(3)	6	(12.8)
Somewhat Disagree	(2)	2	(4.2)
Strongly Disagree	(1)	1	(2.1)
No Response		0	
Average (4.0 Scale)		3.72	

(3) The following comments were used to revise the definition:

- Change "buyer requirements" to "user requirements."
- Change the last part to "... meet buyer requirements using objective techniques to identify commercial availability." (and then make Market Survey and Market Analysis synonyms or examples)

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Change the last part to "... meet buyer requirements using all available source information and Market Survey and Analysis techniques."

- The seller also does market research to identify government market opportunities.
- Need to qualify that this is the buyer's market research rather than the seller's

(5) Discussion: The researcher agreed that the term user would be more accurate than the term buyer, who could be interpreted as the individual who places the order. Also, most of the other recommendation was integrated as the researcher determined that it provided a broader definition. However, the word commercial was not integrated as the research could identify another Government source

c. *Third Iteration*

(1) Proposed definition:

The process of evaluating the potential of the marketplace to meet user requirements using objective techniques to determine availability.

(2) Respondents indicated their evaluation of this term as follows:

<u>Description</u>	<u>Points</u>	<u>Number</u>	<u>Percentage</u>
Strongly Agree	(4)	33	(80.4)
Somewhat Agree	(3)	4	(9.8)
Somewhat Disagree	(2)	4	(9.8)
Strongly Disagree	(1)	0	(0.0)
No Response		0	
Average (4.0 Scale)		3.71	

(3) The following comments were used to revise the definition:

- Change to "... to determine price and availability."
- Change to "... to determine price, suitability and availability."

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Change "user" back to "buyer," or consider using both words.
- Bring back "Market Survey" and "Market Analysis" to identify which objective techniques.

- Change to "The process of evaluating a need or potential need for an item based on existing business and technology."
- Change the ending to "... to determine product/service availability."

(5) Discussion: The researcher agreed that price and suitability, in addition to availability, are key factors in the market research process. However, the researcher disagreed with returning to or adding the word "buyer" as it is the user's requirements the buyer is trying to meet. Also, as Market Survey and Market Analysis are examples of Market Research, the researcher believed that they should not be part of the actual definition.

d. Final Proposed Definition

The process of evaluating the potential of the marketplace to meet user requirements using objective techniques to determine price, suitability and availability.

Synonyms: Testing the Market.

Antonyms: None noted.

Example(s): Marketing Poll, Marketing Study, Market Survey, Market Analysis, Market Observation.

16. Mediation

a. First Iteration

(1) Proposed definition:

An informal, non-binding discussion between two parties, assisted by a neutral third party, in an attempt to bring about a peaceful settlement or compromise, most commonly associated with the Alternative Dispute Resolution (ADR) process.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	43	(79.6)
Somewhat Agree	(3)	8	(14.8)
Somewhat Disagree	(2)	3	(5.6)
Strongly Disagree	(1)	0	(0.0)
No Response		3	
Average (4.0 Scale)		3.74	

(3) The following comments were used to revise the definition:

- Change “most commonly” to “often”
- Delete “peaceful” (2 similar comments)
- Replace “peaceful” with “mutually agreed-to”
- Replace “in an attempt to” with “with the goal of”

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Substitute “meeting” or “process” for “discussion”
- Delete all from “... most commonly associated with ...” (2 similar comments)
- Replace “third party” with “facilitator”
- Replace “in an attempt to” with “intended to”
- Add “... as an alternative to litigation.”
- Delete “most”
- Must it be “non-binding?” (4 similar comments)

(5) Discussion: Most of the recommendations integrated into the revised definition were grammatical in nature and used only to clarify the basic definition. Despite the recommendations of four volunteers, as the researcher could not find a single previously-published reference to binding mediation, the recommendation to delete non-binding was not integrated.

b. Second Iteration

(1) Proposed definition:

An informal, non-binding process between two parties, assisted by a neutral third party, with the goal of a mutually agreed-to settlement or compromise, often associated with the Alternative Dispute Resolution (ADR) process.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	40	(85.1)
Somewhat Agree	(3)	7	(14.9)
Somewhat Disagree	(2)	0	(0.0)
Strongly Disagree	(1)	0	(0.0)
No Response		0	
Average (4.0 Scale)		3.85	

(3) The following comments were used to revise the definition:

- I believe that mediation can, in some cases, be binding. (2 similar comments)
- Change "assisted by a neutral third party" to "whereby a third party participates"
- Change the first phrase to "An informal, mutually agreed-to process ..." while deleting "mutually agreed-to" from before "settlement."
- The reference to ADR should be parenthetical or deleted.

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Add "... who have a vested interest in the outcome ..." after two parties.
- Mediation is not limited to two parties (for example, mediation among the Government, the contractor, and the architect)

(5) Discussion: Although the researcher has not been able to find a single case of binding mediation, in order to prevent creating too narrow of a definition, the word non-binding will be dropped from the third iteration. The second and third integrated recommendations were primarily grammatical in nature. Finally, although mediation is one of the many ADR techniques, the researcher agreed that its reference as part of the definition itself is unnecessary.

c. *Third Iteration*

(1) Proposed definition:

An informal, mutually agreed-to process between two parties whereby a third party participates with the goal of a settlement or compromise.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	36	(87.8)
Somewhat Agree	(3)	5	(12.2)
Somewhat Disagree	(2)	0	(0.0)
Strongly Disagree	(1)	0	(0.0)
No Response		0	
Average (4.0 Scale)		3.88	

(3) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- What about a statement regarding whether the settlement or compromise is binding?
- Mediation is not necessarily binding.
- Add "An Alternate Disputes Resolution technique using ..." (2 similar comments)

(4) Discussion: In order to keep the definition as "general" as possible, the researcher decided against adding any qualifying statements concerning whether mediation is binding or non-binding.

d. *Final Proposed Definition*

An informal, mutually agreed-to process between two parties whereby a third party participates with the goal of a settlement or compromise.

Synonyms: Conciliate, intervention, referee, settlement, facilitation.

Antonyms: Judgment, directed settlement.

Example(s): Third party intercession to resolve a labor dispute between management and a union.

17. Memorandum of Agreement (MoA)

a. *First Iteration*

(1) Proposed definition:

A document of statements of fact, intentions, procedures, parameters or understandings regarding past, present or future rights and duties that is mutually agreed to by two or more parties. As it may be lacking one or more essential elements, it is not a contract and is generally not enforceable by law but rather requires good faith adherence by the parties in order to be effective.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	45	(81.8)
Somewhat Agree	(3)	4	(7.3)
Somewhat Disagree	(2)	2	(3.6)
Strongly Disagree	(1)	4	(7.3)
No Response		2	
Average (4.0 Scale)		3.64	

(3) The following comments were used to revise the definition:

- Substitute "and" for "or" (e.g., "...parameters and understandings...")
- Although not a contract it may, however, be evidence of contractual intent for resolving ambiguities; recommend changing "it is not a contract ..." to "it may not be a contract ..."
- Grammar: change "As it may be lacking ..." to "As it may lack ..."

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Change first sentence to "... two or more Government parties."
- Delete "... and is generally not enforceable by law..."
- Delete second sentence.
- MoAs are usually enforceable unless otherwise stipulated as opposed to MoUs, which are usually not enforceable.

- Simplify with "A written record of agreements between contracting parties which the parties have agreed to be bound."

(5) Discussion: As over eighty percent of the volunteers "Strongly Agreed" with the proposed definition, the researcher determined that the basic definition was valid. Three recommendations which were integrated were grammatical in nature.

b. Second Iteration

(1) Proposed definition:

A document of statements of fact, intentions, procedures, parameters and/or understandings regarding past, present or future rights and duties that is mutually agreed to by two or more parties. As it may lack one or more essential elements, it may not be a contract and is generally not enforceable by law but rather requires good faith adherence by the parties in order to be effective.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	39	(86.7)
Somewhat Agree	(3)	3	(6.7)
Somewhat Disagree	(2)	2	(4.4)
Strongly Disagree	(1)	1	(2.2)
No Response		2	
Average (4.0 Scale)		3.78	

(3) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Change to "A written record of agreements between parties usually including statements of facts and intentions..."
- Change "... between two or more parties ..." to "... between two or more Government agencies ..."
- It may not be enforceable by law but it can be used as evidence.

(4) Discussion: As almost all volunteers "Strongly Agreed" with the revised definition, and the three written comments received were not considered to be substantial, the third iteration definition remained unchanged.

c. *Third Iteration*

(1) Proposed definition:

A document of statements of fact, intentions, procedures, parameters and/or understandings regarding past, present or future rights and duties that is mutually agreed to by two or more parties. As it may lack one or more essential elements, it may not be a contract and is generally not enforceable by law but rather requires good faith adherence by the parties in order to be effective.

(2) Respondents indicated their evaluation of this term as follows:

<u>Description</u>	<u>Points</u>	<u>Number</u>	<u>Percentage</u>
Strongly Agree	(4)	36	(87.8)
Somewhat Agree	(3)	3	(7.3)
Somewhat Disagree	(2)	2	(4.9)
Strongly Disagree	(1)	0	(0.0)
No Response		0	
Average (4.0 Scale)		3.83	

(3) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- I find that MoAs used in industry are generally enforceable.
- Change "...it may not be..." to "it is not a contract..."

(4) Discussion: As this term received virtually unanimous consensus, the researcher declined to implement either of the two written recommendations.

d. *Final Proposed Definition*

A document of statements of fact, intentions, procedures, parameters and/or understandings regarding past, present or future rights and duties that is mutually agreed to by two or more parties. As it may lack one or more essential elements, it may not be a contract and is generally not enforceable by law but rather requires good faith adherence by the parties in order to be effective.

Synonyms: Memorandum of Understanding (MoU), Cooperative Agreement.

Antonyms: Binding Contractual Agreement, Formal Contract.

Example(s): An agreement between a program manager and a Contract Administration Office, a Host-Tenant Support Agreement, an agreement between the Department of Defense (DoD) and the Drug Enforcement Agency (DEA).

18. Negotiation

a. *First Iteration*

(1) Proposed definition:

(i) Generally, a bargaining process between two or more parties, each with its own viewpoints and objectives, seeking to reach a mutually satisfactory agreement on or settlement of a matter of common concern; or

(ii) Formally, one of the major methods of Government procurement. It is used under certain permissive circumstances prescribed by statute when sealed bidding is found to be infeasible and impracticable; or

(iii) A method of Alternative Dispute Resolution (ADR) where higher-level employees, previously not involved in the controversy, attempt to reach agreement after normal negotiations have deadlocked. This method may or may not utilize a neutral third party.

(2) Respondents indicated their evaluation of this term as follows:

<u>Description</u>	<u>Points</u>	<u>Number</u>	<u>Percentage</u>
Strongly Agree	(4)	31	(58.5)
Somewhat Agree	(3)	16	(30.2)
Somewhat Disagree	(2)	4	(7.5)
Strongly Disagree	(1)	2	(3.8)
No Response		4	
Average (4.0 Scale)		3.43	

(3) The following comments were used to revise the definition:

- Replace (i) with "The deliberation, discussion or conference upon the terms of a proposed agreement; the act of settling or arranging the terms and conditions of a bargain, sale, or other business transaction."
- In (ii), substitute "and/or" for "and" between infeasible and impracticable

- In (iii), doesn't have to be "higher level" employees (2 similar comments)
- In (iii), change "negotiation" to "discussions"

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- In (ii), delete "certain permissive"
- In (ii), delete "permissive"
- In (ii), delete "... under certain permissive circumstances prescribed by statute ..."
- In (ii), delete "Formally" (2 similar comments)
- In (iii), replace "employees" with "officials" or "parties"
- Delete (iii) as part of the definition (2 similar comments)
- Make (iii) an example of (i).
- Replace (i) with "A procedure by which two or more parties explore each other's position in a non-adversarial manner with the common object of reaching a mutually agreeable settlement of differences."
- Replace (i) with "A dialogue or exchange between two or more parties in order to come to terms or reach an agreement on a matter of common interest."

(5) The following comment was determined to be not valid by the researcher. The FAR frequently refers to the term Negotiation and not necessarily Competitive Negotiation, as this volunteer's comment indicates:

- Delete (ii). The term used in procurement is specific: Competitive Negotiation

(6) Discussion: Although this term received many written comments, the researcher determined that only a few were substantial enough to warrant modifying the definition.

b. Second Iteration

(1) Proposed definition:

(i) Generally, the deliberation, discussion or conference upon the terms of a proposed agreement; the act of seeking to reach a mutually satisfactory agreement on the terms and conditions of a bargain, sale, or other business transaction; or

(ii) Formally, one of the major methods of Government procurement. It is used under certain permissive circumstances prescribed by statute when sealed bidding is found to be infeasible and/or impracticable; or

(iii) A method of Alternative Dispute Resolution (ADR) where employees not previously involved in the controversy attempt to reach agreement after normal discussions have deadlocked. This method may or may not utilize a neutral third party.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	36	(83.7)
Somewhat Agree	(3)	5	(11.6)
Somewhat Disagree	(2)	2	(4.7)
Strongly Disagree	(1)	0	(0.0)
No Response		4	
Average (4.0 Scale)		3.79	

(3) The following comments were used to revise the definition:

- Change (ii) to "... one of the major methods used in the Government procurement process."
- Delete "Formally."

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Why not something as simple as "A bilateral bargaining process involving give and take with the objective of reaching a fair and reasonable agreement."
- The entire definition can be shortened to "The act of seeking to reach a mutually satisfactory agreement."

(5) Discussion: Although several volunteers made a valid point that the entire definition could be a version of part (i) with parts (ii) and (iii) summarized as examples, the researcher decided not to make significant changes. The three concepts presented in the definition are different and could prove to be very confusing to a novice if not addressed separately. Other recommendations were implemented to clarify the definition.

c. Third Iteration

(1) Proposed definition:

(i) The deliberation, discussion or conference upon the terms of a proposed agreement; the act of seeking to reach a mutually satisfactory agreement on the terms and conditions of a bargain, sale, or other business transaction; or

(ii) One of the major methods used in the Government procurement process. It is used under certain permissive circumstances prescribed by statute when sealed bidding is found to be infeasible and/or impracticable; or

(iii) A method of Alternative Dispute Resolution (ADR) where employees not previously involved in the controversy attempt to reach agreement after normal discussions have deadlocked. This method may or may not utilize a neutral third party.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	38	(87.8)
Somewhat Agree	(3)	2	(4.9)
Somewhat Disagree	(2)	1	(2.4)
Strongly Disagree	(1)	0	(0.0)
No Response		0	
Average (4.0 Scale)		3.90	

(3) The following comment, although valid, was not integrated into the revised definition as the researcher determined that it did not substantially change the definition:

- Part (i) is all you need.

(4) Discussion: As stated before, the three concepts presented in the definition are different and could prove to be very confusing. Therefore, the researcher declined to implement the single written recommendation.

d. *Final Proposed Definition*

(i) The deliberation, discussion or conference upon the terms of a proposed agreement; the act of seeking to reach a mutually satisfactory agreement on the terms and conditions of a bargain, sale, or other business transaction; or

(ii) One of the major methods used in the Government procurement process. It is used under certain permissive circumstances prescribed by statute when sealed bidding is found to be infeasible and/or impracticable; or

(iii) A method of Alternative Dispute Resolution (ADR) where employees not previously involved in the controversy attempt to reach agreement after normal discussions have deadlocked. This method may or may not utilize a neutral third party.

Synonyms: Give and take process, settlement, compromise, discussions, bargaining.

Antonyms: Directed settlement.

Example(s): None noted.

19. Performance Based Contracting

a. *First Iteration*

(1) Proposed definition:

A method of contracting where all aspects of an acquisition are structured around the *purpose* of the work as opposed to the *manner* in which the work is to be performed. The solicitation states *what* is to be performed as opposed to *how* it is to be performed.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	38	(70.4)
Somewhat Agree	(3)	10	(18.5)
Somewhat Disagree	(2)	4	(7.4)
Strongly Disagree	(1)	2	(3.7)
No Response		3	
Average (4.0 Scale)		3.56	

(3) The following comments were used to revise the definition:

- Replace "all aspects" with "certain aspects."

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Replace "all aspects" with "technical aspects."
- Add "or objective" after purpose
- Delete entire second sentence.
- Replace "purpose" with "result" (2 similar comments)

(5) Discussion: With almost 90 percent of the volunteers either "Strongly Agreeing" or "Somewhat Agreeing," and the fact that none of the written comments recommended major changes, the researcher determined that the basic definition was valid and required only a minor change.

b. Second Iteration

(1) Proposed definition:

A method of contracting where certain aspects of an acquisition are structured around the *purpose* of the work as opposed to the *manner* in which the work is to be performed. The solicitation states *what* is to be performed as opposed to *how* it is to be performed.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	38	(84.4)
Somewhat Agree	(3)	4	(8.9)
Somewhat Disagree	(2)	3	(6.7)
Strongly Disagree	(1)	0	(0.0)
No Response		2	
Average (4.0 Scale)		3.78	

(3) The following comments were used to revise the definition:

- Change to "A method of contracting whereby the requirement or deliverable is described in terms of desired results, outcomes or

properties of the end item but does not dictate the method to be used or the design to achieve the end result.”

- Needs more emphasis on the results of the acquisition — how the end item is expected to perform.

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Change “certain” to “major”
- More emphasis on awarding for past performance or best value.
- Consider performance within a range, such as airspeed, altitude, etc.

(5) Discussion: Although most volunteers agreed with the proposed definition, the researcher agreed that aspects of the first two recommendations were more clear than what was offered; therefore, the definition was modified to place more emphasis on the performance of the end item.

c. *Third Iteration*

(1) Proposed definition:

A method of contracting where the requirement or deliverable is described in terms of desired results, outcomes or properties of the end item but does not dictate the method to be used or the design to achieve the end result. The solicitation states *what* is to be performed as opposed to *how* it is to be performed.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	40	(97.6)
Somewhat Agree	(3)	1	(2.4)
Somewhat Disagree	(2)	0	(0.0)
Strongly Disagree	(1)	0	(0.0)
No Response		0	
Average (4.0 Scale)		3.98	

(3) The following comment, although valid, was not integrated into the revised definition as the researcher determined that it did not substantially change the definition:

- I still think you need the term “Performance Specification” in there somewhere.

(4) Discussion: The researcher is reluctant to include the word "performance" in the definition itself; therefore, the phrase "performance specification" will not be integrated into the final definition.

d. Final Proposed Definition

A method of contracting where the requirement or deliverable is described in terms of desired results, outcomes or properties of the end item but does not dictate the method to be used or the design to achieve the end result. The solicitation states *what* is to be performed as opposed to *how* it is to be performed.

Synonyms: Statement of Objectives.

Antonyms: Design specification.

Example(s): Manufacture of weapons systems such as aircraft using other-than-DoD-specifications; engineering services contract; groundskeeping services.

20. Privity of Contract

a. First Iteration

(1) Proposed definition:

The direct contractual relationship that exists between two parties. In procurement terms, the buyer has a contract with the seller, therefore there is privity of contract between the buyer and the seller; however, as there is no contract between the buyer and a subcontractor of the seller, no privity of contract exists between the buyer and the subcontractor.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	43	(78.1)
Somewhat Agree	(3)	10	(18.2)
Somewhat Disagree	(2)	2	(3.7)
Strongly Disagree	(1)	0	(0.0)
No Response		2	
Average (4.0 Scale)		3.75	

(3) The following comments were used to revise the definition:

- Don't use "privity of contract" in the definition
- Stop after the first sentence. (2 similar comments)
- Change "subcontractor of the seller" to "subcontractor to the seller"

(4) The following comment, although valid, was not integrated into the revised definition as the researcher determined that it did not substantially change the definition:

- Change last line to "no privity of contract normally exists ..."

(5) Discussion: The researcher agreed with the first comment that the term itself should not be used in the definition. Additionally, as the second sentence represents more of an example of Privity than part of the definition, the second sentence was changed from part of the definition to an example.

b. Second Iteration

(1) Proposed definition:

The direct contractual relationship that exists between two parties.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	41	(93.2)
Somewhat Agree	(3)	2	(4.5)
Somewhat Disagree	(2)	1	(2.3)
Strongly Disagree	(1)	0	(0.0)
No Response		3	
Average (4.0 Scale)		3.91	

(3) The following comments were used to revise the definition:

- Change "that exists" to "existing"
- Could be more than two parties ... recommend changing to "The direct contractual relationship that exists between the parties who are signatories on a contract."

(4) The following comment, although valid, was not integrated into the revised definition as the researcher determined that it did not substantially change the definition:

- Delete "direct"

(5) The first recommendation was integrated for grammatical reasons; in order to implement the second recommendation, the phrase "... of a contract" was added to the end. Finally, as privity refers to the direct relationship between the parties, the third recommendation was not integrated.

c. Third Iteration

(1) Proposed definition:

The direct contractual relationship existing between the parties of a contract.

(2) Respondents indicated their evaluation of this term as follows:

<u>Description</u>	<u>Points</u>	<u>Number</u>	<u>Percentage</u>
Strongly Agree	(4)	37	(90.3)
Somewhat Agree	(3)	3	(7.3)
Somewhat Disagree	(2)	1	(2.4)
Strongly Disagree	(1)	0	(0.0)
No Response		0	
Average (4.0 Scale)		3.88	

(3) The following comment was used to revise the definition:

- Change "... of a contract" to "... to a contract."

(4) Discussion: The single written comment received was integrated for grammatical reasons.

d. Final Proposed Definition

The direct contractual relationship existing between the parties to a contract.

Synonyms: None noted.

Antonyms: Third party relationship.

Example(s): In procurement terms, the buyer has a contract with the seller, therefore there is privity of contract between the buyer and the seller; however, as there is no contract between the buyer and a subcontractor to the seller, no privity of contract exists between the buyer and the subcontractor.

21. Procurement Lead Time (PLT)

a. *First Iteration*

(1) Proposed definition:

The time elapsing between the initiation of a procurement action and the receipt of goods or services purchased as a result of that action.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	34	(64.1)
Somewhat Agree	(3)	13	(24.5)
Somewhat Disagree	(2)	3	(5.7)
Strongly Disagree	(1)	3	(5.7)
No Response		4	
Average (4.0 Scale)		3.47	

(3) The following comment was used to revise the definition:

- Change to "The time elapsing between the arrival of a requisitioner's request at a procurement office and the receipt of goods or services purchased as a result of that procurement action.

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Change to "... of a procurement action request by the requirements office and the receipt ..."
- Term should be Acquisition Lead Time. The Navy overprint of the DD350 defines the procurement or contracting lead time as the time from "receipt of purchase request by the contracts office to the date of contract award."

- Procurement lead time ends at the award of a contract. (3 similar comments)
- Change to "The time elapsed from the receipt of the purchase in the procurement office and the award or completion of the purchase transaction that places the supplies or services on order."
- Delete "elapsing"

(5) Discussion: This term was confusing to many of the volunteers. Most of the written comments received indicated that they felt that the definition of Procurement Administrative Lead Time (PALT), which indeed does end at the time of award, should apply here.

b. Second Iteration

(1) Proposed definition:

The time between the receipt of a requisitioner's request at a procurement office and the acceptance of goods or services purchased as a result of that procurement action.

(2) Respondents indicated their evaluation of this term as follows:

<u>Description</u>	<u>Points</u>	<u>Number</u>	<u>Percentage</u>
Strongly Agree	(4)	31	(66.0)
Somewhat Agree	(3)	9	(19.1)
Somewhat Disagree	(2)	4	(8.5)
Strongly Disagree	(1)	3	(6.4)
No Response		0	
Average (4.0 Scale)		3.45	

(3) The following comments were used to revise the definition:

- Change "acceptance" to "delivery"
- Change "... requisitioner's request ..." to "... requisitioner's *authorization to procure* ..."

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- PLT is a much broader time from the identification of a requirement through delivery.

- Change "acceptance" to "delivery and acceptance"
- Change to "The time between acceptance of the offer or contract award and the delivery of the item purchased under the award."
- Change to "The time between the start of a requisitioner's action and the acceptance of goods or services purchased as a result of that procurement action."
- Change to "The time from the date the procurement is initiated until receipt of goods or services."

(5) The following comments were determined to be not valid for the reasons identified in paragraph (6) and were therefore not integrated into the revised definition:

- PLT ends on award of contract. (5 similar comments)
- PLT good only for goods, not services.

(6) Discussion: Many volunteers' comments indicated that they consider this term to be the same as Procurement Administrative Lead Time (PALT). The researcher will submit an additional comment along with the third questionnaire indicating that PLT should not be considered the same as PALT. Additionally, PLT applies to services as well as goods. Finally, the researcher agreed that the word "delivery" and the phrase "authorization to procure" would clarify the definition.

c. Third Iteration

(1) Proposed definition:

The time between the receipt of a requisitioner's authorization to procure at a procurement office and the delivery of goods or services purchased as a result of that procurement action.

(2) Respondents indicated their evaluation of this term as follows:

<u>Description</u>	<u>Points</u>	<u>Number</u>	<u>Percentage</u>
Strongly Agree	(4)	35	(85.4)
Somewhat Agree	(3)	2	(4.9)
Somewhat Disagree	(2)	3	(7.3)
Strongly Disagree	(1)	1	(2.4)
No Response		0	
Average (4.0 Scale)		3.73	

(3) The following comment was used to revise the definition:

- Add "acceptance"

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- If you are going to differentiate between PLT and PALT, you should have both of the terms in your questionnaire.
- Include something about the concept of "need."
- I still consider PLT to be from the time of the receipt of the requisition and the time of contract award.

(5) Discussion: In order to clarify that "delivery" does not necessarily indicate "acceptance," both terms will be used in the final definition.

d. Final Proposed Definition

The time between the receipt of a requisitioner's authorization to procure at a procurement office and the delivery and acceptance of goods or services purchased as a result of that procurement action.

Synonyms: None noted.

Antonyms: None noted.

Example(s): None noted.

22. Reasonableness

a. First Iteration

(1) Proposed definition:

(i) Generally, a concept that refers to any action which, in its nature and amount, does not exceed that which would be accepted by a prudent person in the conduct of normal business transactions; or,

(ii) In procurement, the acceptability in the dimension of time and/or price of a good or service; or,

(iii) In cost principles, a cost which, if in its nature or amount, it does not exceed that which would be incurred by an ordinarily prudent person in the conduct of a competitive business. Additional restraints may be placed on the interpretation of reasonableness in this examination of incurred costs in Government contracts.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	31	(58.5)
Somewhat Agree	(3)	14	(26.4)
Somewhat Disagree	(2)	5	(9.4)
Strongly Disagree	(1)	3	(5.7)
No Response		4	
Average (4.0 Scale)		3.38	

(3) The following comments were used to revise the definition:

- Add "quality" to (ii) [e.g., "...of time, price, and/or quality ..."]
- In (i), change "does not exceed" to "represents"
- Delete last sentence from (iii) [2 similar comments]
- In (iii), change "... a cost which, if in its nature or amount, it ..." to "... a cost that ..."

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Change the term from "Reasonableness" to "Reasonable / Reasonableness"
- Replace (i) with "Generally, a concept that depicts any action which, in its nature and amount, remains within the bounds of that which would be accepted by a prudent person in the normal conduct of business"
- Delete (ii) entirely. (2 similar comments)
- Delete (iii) entirely.
- Delete "ordinarily" from (iii) [2 similar comments]
- In (iii), change "...does not exceed that which" to "...does not exceed what."
- In (iii), change "... if in its nature or amount, it does not..." to "... in its nature or amount, does not..." and change "... this examination..." to "... the examination..."
- In (iii), add "... as prescribed by regulation."
- In (iii), change "does not exceed that which would be accepted" to "which would normally be accepted."
- Don't like either (i), (ii), or (iii). Recommend "The description for the process and resulting agreement by a buyer and seller through which prudent partners exercising an arm's length relationship can negotiate a non-adversarial approach to resolve differences."

(5) Discussion: As almost 85 percent of the volunteers either "Strongly Agreed" or "Somewhat Agreed" with this proposed definition, the researcher determined that the basic definition was valid and required only minor changes.

b. Second Iteration

(1) Proposed definition:

(i) Generally, a concept that refers to any action which, in its nature and amount, represents that which would be taken by a prudent person in the conduct of normal business transactions; or,

(ii) In procurement, the acceptability in the dimension of time, price and/or quality of a good or service; or,

(iii) In cost principles, a cost that does not exceed that which would be incurred by a prudent person in the conduct of a competitive business.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	37	(78.7)
Somewhat Agree	(3)	6	(12.8)
Somewhat Disagree	(2)	3	(6.4)
Strongly Disagree	(1)	1	(2.1)
No Response		0	
Average (4.0 Scale)		3.68	

(3) The following comments were used to revise the definition:

- In (i), change to "...any action, procedure or conclusion which represents..."
- Change (ii) to "In procurement, the acceptability of price considering market conditions, quality and urgency."
- You are getting too complex. Recommend keeping (i) and either deleting (ii) and (iii) or making them examples. (3 similar comments)

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- In (i), change to "...conduct of normal, *competitive* business transactions ..."
- In (i), add "... in a competitive environment" at the end.
- In (i), delete "... in the conduct of normal business transactions."
- Delete (ii) entirely ... seems redundant
- In (iii), delete "a" from before "competitive business."
- Consider that reasonableness is also responsive to other Government interests such as appropriateness, political considerations and even political correctness.

(5) Discussion: The researcher agreed that the first two integrated recommendations helped to clarify the definition without loss of meaning. After carefully considering the third recommendation, the researcher agreed that part (i) was the definition of reasonableness while parts (ii) and (iii) were applications of the term experienced by practitioners in the contracting and acquisition field.

c. Third Iteration

(1) Proposed definition:

A concept that refers to any action, procedure or conclusion which represents that which would be taken by a prudent person in the conduct of normal business transactions.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	39	(95.1)
Somewhat Agree	(3)	2	(4.9)
Somewhat Disagree	(2)	0	(0.0)
Strongly Disagree	(1)	0	(0.0)
No Response		0	
Average (4.0 Scale)		3.95	

(3) Discussion: As no written recommendations were received and the term reached virtually unanimous consensus, the final definition remained unchanged.

d. Final Proposed Definition

A concept that refers to any action, procedure or conclusion which represents that which would be taken by a prudent person in the conduct of normal business transactions.

Synonyms: Fair and reasonable, prudent, acceptable.

Antonyms: Extreme, excessive, unreasonable, unfair to either or both parties.

Example(s): In procurement, the acceptability of price considering market conditions, quality and urgency. In cost principles, a cost that does not exceed that which would be incurred by a prudent person in the conduct of competitive business.

23. Single Process Initiative

a. First Iteration

(1) Proposed definition:

An element of acquisition reform which allows contractors to standardize process requirements on a facility-wide basis providing an opportunity to achieve such objectives as reducing cycle-time, improving quality, and lowering cost.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	36	(67.9)
Somewhat Agree	(3)	13	(24.5)
Somewhat Disagree	(2)	4	(7.5)
Strongly Disagree	(1)	0	(0.0)
No Response		4	
Average (4.0 Scale)		3.60	

(3) The following comment was used to revise the definition:

- Delete "... providing an opportunity..."

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Add "Government" before "acquisition reform"
- Delete all after "facility-wide basis." (2 similar comments)
- Add "... for all contracts..." after "facility-wide basis"
- Add "... and of which such benefits can be passed on to the buyer in the contractual relationship."
- Add "... by modifying all direct Government contracts with a single contract modification."

(5) Discussion: The researcher determined that the proposed definition was valid and would require only minor modification as over 90 percent of the volunteers either "Strongly Agreed" or "Somewhat Agreed" and few of the written comments recommended substantial change.

b. Second Iteration

(1) Proposed definition:

An element of acquisition reform which allows contractors to standardize process requirements on a facility-wide basis to achieve such objectives as reducing cycle-time, improving quality, and lowering cost.

(2) Respondents indicated their evaluation of this term as follows:

<u>Description</u>	<u>Points</u>	<u>Number</u>	<u>Percentage</u>
Strongly Agree	(4)	38	(84.5)
Somewhat Agree	(3)	6	(13.3)
Somewhat Disagree	(2)	1	(2.2)
Strongly Disagree	(1)	0	(0.0)
No Response		2	
Average (4.0 Scale)		3.82	

(3) The following comments were used to revise the definition:

- Need to say something about "at a single time" or "using a single contract change process."
- Work in "application to all contracts"
- Change to "...standardize specifications and common process requirements..."

(4) Discussion: The researcher determined that all three of the written recommendations were valid and helped clarify the definition. Elements of each were integrated into the proposed definition.

c. Third Iteration

(1) Proposed definition:

An element of acquisition reform which allows contractors to standardize specifications and common process requirements on a facility-wide basis with a single contract change with the goal of reducing cycle-time, improving quality, and lowering cost.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	36	(90.0)
Somewhat Agree	(3)	4	(10.0)
Somewhat Disagree	(2)	0	(0.0)
Strongly Disagree	(1)	0	(0.0)
No Response		1	
Average (4.0 Scale)		3.90	

(3) The following comment was used to revise the definition:

- Does not have to be a single contract change; what about if a contractor has Air Force, Army and Navy contracts, each using different specs ... all contracts will need to be changed.

(4) Discussion: In order to make the definition as clear as possible, the researcher changed the words "contract change" to "administrative action."

d. Final Proposed Definition

An element of acquisition reform which allows contractors to standardize specifications and common process requirements on a facility-wide basis with a single administrative action with the goal of reducing cycle-time, improving quality, and lowering cost.

Synonyms: Block Change.

Antonyms: None noted.

Example(s): None noted.

24. Source Selection

a. First Iteration

(1) Proposed definition:

The process wherein the requirements, facts, recommendations and organizational policy relevant to an award decision in a competitive procurement of an item or service are examined and a decision made.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	33	(61.1)
Somewhat Agree	(3)	11	(20.4)
Somewhat Disagree	(2)	4	(7.4)
Strongly Disagree	(1)	6	(11.1)
No Response		3	
Average (4.0 Scale)		3.31	

(3) The following comment was used to revise the definition:

- Change to "The process by which offeror proposals are evaluated as to their ability and potential to satisfy the buyer's requirements to which the proposals are directed, and the selection of one or more offerors for the purpose of contract award."

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Change to "The process wherein competitive proposals for an item or service are evaluated in accordance with defined criteria for the purpose of choosing the best proposal."
- Change to "The process of selecting a source or sources to fulfill a need of the organization based on a review of the offers submitted by the prospective sources."
- Add "... of the source of procurement" to the end.
- Source selection is not inherently competitive (e.g., sole source). Absent an award, there is no source selection.

(5) Discussion: The researcher determined that that the first recommendation, although not significantly different from that proposed, was definitely an improvement and therefore substituted the recommendation in the second iteration questionnaire.

b. Second Iteration

(1) Proposed definition:

The process by which offeror proposals are evaluated as to their ability and potential to satisfy the buyer's requirements to which the proposals are directed, and the selection of one or more offerors for the purpose of contract award.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	35	(76.1)
Somewhat Agree	(3)	11	(23.9)
Somewhat Disagree	(2)	0	(0.0)
Strongly Disagree	(1)	0	(0.0)
No Response		1	
Average (4.0 Scale)		3.76	

(3) The following comments were used to revise the definition:

- Add something about the "competitive range."
- Change "ability and potential" to "... technical capability, past performance, cost reasonableness and potential ..."
- Change "the buyer's" to "the requisitioner's requirements"
- Change to "... by which proposals are evaluated as to the offerors' ability and potential ..."

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- I prefer your previous definition.
- Delete "... to which the proposals are directed ..."

- Change to "... by which offerors' proposals are evaluated to determine their ability and ..."
- Doesn't source selection start before proposals are received?
- Source selection is generally done by a committee.

(5) Discussion: The researcher recognized that each of the first three integrated recommendations added something that had previously been lacking; the fourth integrated recommendation was grammatical in nature.

c. Third Iteration

(1) Proposed definition:

The process by which proposals are evaluated as to the offerors' technical capability, past performance, cost reasonableness and potential to satisfy the requisitioner's requirements, and the selection of one or more offerors from within the competitive range for the purpose of contract award.

(2) Respondents indicated their evaluation of this term as follows:

<u>Description</u>	<u>Points</u>	<u>Number</u>	<u>Percentage</u>
Strongly Agree	(4)	37	(90.2)
Somewhat Agree	(3)	4	(9.8)
Somewhat Disagree	(2)	0	(0.0)
Strongly Disagree	(1)	0	(0.0)
No Response		0	
Average (4.0 Scale)		3.90	

(3) The following comment was used to revise the definition:

- Change the last phrase to "... and one or more offerors from within the competitive range is selected for contract award."

(4) The following comment, although valid, was not integrated into the revised definition as the researcher determined that it did not substantially change the definition:

- Change to "The process by which proposals are evaluated for compliance to solicitation requirements, . . . and potential to satisfy the requisitioner's requirements, and resulting in ..."

(5) Discussion: The researcher agreed that some grammatical changes were needed to the last phrase. Additionally, upon further

scrutiny, the researcher determined that the phrase concerning "competitive range" should appear earlier in the definition.

d. Final Proposed Definition

The process by which proposals from within the competitive range are evaluated as to the offerors' technical capability, past performance, cost reasonableness and potential to satisfy the requisitioner's requirements, and an offeror (or offerors) is selected for contract award.

Synonyms: Evaluation Process.

Antonyms: None noted.

Example(s): None noted.

25. Unallowable Cost

a. First Iteration

(1) Proposed definition:

Any cost which, under the provisions of any pertinent law, regulation or contract, cannot be included in prices, cost-reimbursements, or settlements under a Government contract.

(2) Respondents indicated their evaluation of this term as follows:

<u>Description</u>	<u>Points</u>	<u>Number</u>	<u>Percentage</u>
Strongly Agree	(4)	51	(92.7)
Somewhat Agree	(3)	4	(7.3)
Somewhat Disagree	(2)	0	(0.0)
Strongly Disagree	(1)	0	(0.0)
No Response		2	
Average (4.0 Scale)		3.93	

(3) The following comment, although valid, was not integrated into the revised definition as the researcher determined that it did not substantially change the definition:

- Add "overheads" after cost-reimbursements.

(4) Discussion: One hundred percent of the volunteers responding to this term either "Strongly Agreed" or "Somewhat Agreed" with this proposed definition. Only one written comment was received, but was not

integrated as the researcher determined that cost-reimbursements include overheads. Therefore the proposed definition is unchanged.

b. Second Iteration

(1) Proposed definition:

Any cost which, under the provisions of any pertinent law, regulation or contract, cannot be included in prices, cost-reimbursements, or settlements under a Government contract.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	38	(80.9)
Somewhat Agree	(3)	8	(17.0)
Somewhat Disagree	(2)	1	(2.1)
Strongly Disagree	(1)	0	(0.0)
No Response		0	
Average (4.0 Scale)		3.79	

(3) The following comments were used to revise the definition:

- Delete reference to "price;" price is usually associated with fixed price contracts ... price is attained through competition, not through cost.
- Focus more on cost than price.
- Change to "... cannot be specifically included in negotiated prices ..."

(4) The following comments, although valid, were not integrated into the revised definition as the researcher determined that they did not substantially change the definition:

- Delete "any"
- Change to "Any cost which, under the provisions of any pertinent law, regulation or contract, cannot be paid using contract funding."
- Add "... or a cost that does not meet the tests of reasonableness and allocability, does not conform to Generally Accepted Accounting Principles (GAAP), or is specifically excluded by the terms of the contract."

(5) Discussion: Interestingly, this term received a lower score and generated more written comments on the second iteration, even though the definition was the same. The researcher agreed with the comments concerning price, which is normally a function of a sealed bid, fixed price contract.

c. Third Iteration

(1) Proposed definition:

Any cost which, under the provisions of any pertinent law, regulation or contract, cannot be included in cost-reimbursements or settlements under a Government contract.

(2) Respondents indicated their evaluation of this term as follows:

Description	Points	Number	Percentage
Strongly Agree	(4)	36	(90.0)
Somewhat Agree	(3)	4	(10.0)
Somewhat Disagree	(2)	0	(0.0)
Strongly Disagree	(1)	0	(0.0)
No Response		1	
Average (4.0 Scale)		3.90	

(3) The following comments were used to revise the definition:

- Delete "...or contract..." There are allowable costs that can be made unbillable by contract; allowability speaks to the nature of the cost while contract prohibition speaks to the contract's effect on the cost.
- Delete "... cost-reimbursements or settlements ..."

(4) Discussion: The researcher agreed with the recommendation to delete the words or contract as well as with the recommendation concerning the phrase cost-reimbursements or settlements.

d. Final Proposed Definition

Any cost which, under the provisions of any pertinent law or regulation, is not reimbursable under a Government contract.

Synonyms: Improper cost, prohibited cost.

Antonyms: Permissible cost, allowable cost.

Example(s): Entertainment expenses, alcoholic beverages, first class air travel, advertising expense, interest expense.

C. SUMMARY

This chapter presented the development of the definitions using the input received from the volunteers during the three iterations of questionnaires. The final proposed definitions, along with any synonyms, antonyms and examples are presented in their entirety in Appendix C. The following chapter presents the answers to the primary and secondary research questions along with the researcher's conclusions and recommendations for further study.

IV. CONCLUSIONS AND RECOMMENDATIONS

A. OVERVIEW

This chapter presents the conclusions and recommendations resulting from this research effort. Included are observations made while conducting the research and recommendations which might improve future research. This chapter concludes by addressing the primary research question posed at the beginning of this thesis along with a summary of the chapter.

B. CONCLUSIONS

The initial mailing of 230 letters requesting assistance resulted in 120 offers to help with this research. Thirty-five volunteers requested their questionnaire be sent via electronic mail (e-mail); these names and addresses were shared with fellow researcher Lieutenant Timothy Colyer. Of the 85 first iteration questionnaires sent by mail, 57 were returned, a 67 percent response rate. Although the numbers are not as large as in previous research efforts, the researcher felt that since all volunteers are national or local NCMA officers, many with years of experience, the responses were of very high quality. Indeed, a review of the completed questionnaires indicated that the majority of the volunteers were very articulate and well-versed in the profession. Several of the volunteers requested a copy of the completed project for their professional library.

Of the 57 second iteration questionnaires sent out, 47 were returned, an 82 percent response rate. As expected, the average score for each term increased (from a first iteration average of 3.53 to a second iteration average of 3.76) and in most cases the amount of written comments decreased, no doubt due to

increasing consensus. The third, and final, iteration was sent to the forty-seven volunteers remaining in the study and 41 were returned, representing an 87 percent response rate. Again, the scores continued to increase (to an overall average of 3.89) and, as expected, the amount of written responses continued to decrease indicating that consensus was gradually being reached. Interestingly, although many of the written comments were recommendations to improve grammar or clarity, occasionally there were one or two volunteers who adamantly disagreed with the vast majority of the volunteers.

Most of the volunteers were appreciative of the opportunity to participate in the research effort and expressed the belief that the project was valid and worthwhile. Some volunteers questioned the purpose of developing a "new" dictionary and thought that definitions should be based solely on Federal Acquisition Regulation (FAR) definitions. The researcher disagreed with that premise; although there are a number of terms that are unique to Government contracting, most terms can be used in both Government and commercial contracting. Definitions used by acquisition and contracting professionals should be universal and applicable to the entire profession as much as possible. Fortunately, the vast majority of volunteers strongly supported the idea of developing a universal dictionary to be used by all members of the contracting and acquisition field, whether Government or commercial.

Based on the researcher's analysis, the following conclusions were made:

1. The product of this thesis added to the contracting discipline's body of knowledge and similar research should be continued.

Clearly, the twenty-five terms refined in this thesis, coupled with similar previous efforts, reinforce the foundation of a common language and therefore add to the body of knowledge. Although most of the terms in this study resulted in overwhelming consensus, continued research efforts are needed in order to expand the volume of defined terms and eventually lead to a published dictionary of contracting and acquisition terms.

2. There is not universal agreement concerning the meaning of most contracting terms.

Although overwhelming consensus was reached on the definitions of most terms, and it appeared that each volunteer understood the basic concept of the term, there was still an element of dissent among a few who "somewhat disagreed" or "strongly disagreed" and submitted valid comments which warranted careful consideration. The researcher believes that some of this difference of opinion could stem from the various backgrounds of the volunteers. The meaning of a term to someone with years of Government service might be somewhat different from that of a person whose experience is entirely in the commercial sector. This slight difference of opinion reinforces the need for a comprehensive dictionary of contracting and acquisition terms for use by all in the field.

3. The procedure used in this thesis to achieve consensus of the definitions is valid.

As before, the initial definition of each term was synthesized from a number of previously-published sources and then that definition was further refined through the use of multiple questionnaires processed by experienced volunteers.

Although the methodology used in this effort was slightly modified from that of previous studies in that a smaller number of pre-qualified volunteers were used, the results indicate that the modified-Delphi technique of using multiple questionnaires was indeed valid. Consensus was reached on all twenty-five terms and a number of synonyms, antonyms, and examples were provided.

C. RECOMMENDATIONS

The researcher recommends the following:

1. The consensus definitions derived from this research should be added to those from previous research and incorporated into the contracting dictionary.

The twenty-five definitions refined in this thesis generated overall consensus among the participants. As of the final iteration, those who "strongly agreed" ranged from 80.4 to 100 percent. It is the researcher's opinion that these refined definitions represent the consensus of professionals in the acquisition and contracting field and should be incorporated in the contracting dictionary.

2. Encourage at least one student per (815 Acquisition and Contracting) class at the Naval Postgraduate School to participate in this ongoing study in order to maintain the momentum of this research.

Lieutenant Commander Ryan initiated this study at the Naval Postgraduate School (NPS) in 1988. Since then, approximately twenty students at both NPS and the Air Force Institute of Technology (AFIT) have conducted similar, but not equal,

research. Prior to the current effort conducted by this researcher and Lieutenant Colyer, the most recent effort was performed by Lieutenants Gerald Rivas, Richard Mendez and Jack Stem at NPS in 1993. As a result of this sporadic schedule much "corporate knowledge" is lost and each researcher basically starts the procedure over again. By maintaining the momentum of this research, accurate and up-to-date definitions can be obtained in a relatively short period of time and the dictionary completed and published. Thereafter, only periodic review of the dictionary would be needed to ensure that it is kept current.

3. Standardize the procedure to be used in any future effort in this area of study.

In order to make a genuine comparison of data and the analyses thereof among research efforts, a standardized procedure must be used. Virtually all of the previous twenty researchers used a slightly different technique. In addition, occasionally the same term was refined by researchers acting independently of each other, with understandably different results. If the goal of developing one comprehensive dictionary is to be achieved, a coordinated effort using a standardized procedure must be made. The methodology used in each previous effort should be carefully analyzed and an appropriate strategy for standardization developed and implemented.

4. Request "formal" assistance from the National Contract Management Association.

The National Contract Management Association (NCMA) has sponsored previous research efforts. However, in most cases, that sponsorship has been

limited to providing a mailing list of Certified Professional Contracts Managers (CPCM), NCMA Fellows and on three occasions, the publishing of research results in Contract Management, NCMA's monthly journal. [Ref. 25: pp. 41-43, Ref. 28: pp. 42-45, Ref. 12: pp. 16-23] The researcher recommends that NCMA be requested to provide publicity and support for this on-going project with periodic articles, notices, editorials or advertisements in Contract Management. As virtually all of NCMA's membership would benefit from the publication of a dictionary, in either completed form or in periodic journal articles, the researcher believes that it is in NCMA's interest to promote this project and encourage its members to assist with future research.

5. Encourage each researcher to author an article for publication in Contract Management.

As the purpose of this research is to contribute toward the development of a standardized lexicon for use by people in the contracting and acquisition field, submitting an article detailing the progress made toward this goal would serve several purposes. First, it would provide, on a regular basis, updated definitions of important terms used by contracting and acquisition professionals; second, it would serve as a public acknowledgment of the effort of each volunteer; third, it would keep this on-going research effort "in the public eye," and could lead to additional highly-qualified volunteers; and finally, authoring an article for publication in a professional journal would contribute to the professional development of each researcher.

6. Allow ample time for data collection and analysis.

As the development, printing and mailing of any number of research questionnaires takes considerable time, and the researcher must also allow time for the volunteers' responses and the analysis of the data, at least eight months should be allotted for any future study. Electronic forms of communication such as facsimile (FAX) and e-mail are obviously faster than traditional mail but the researcher believes that the amount and quality of hand-written comments on a "hard copy" response is superior. A researcher must carefully consider the pros and cons of the various distribution methods for any future effort.

D. ANSWERS TO THE PRIMARY AND SUBSIDIARY RESEARCH QUESTIONS

1. Primary Research Question

The primary research question was: To what extent can standard meanings be arrived at in the evolving field of contracting in which words are used with various meanings?

Lieutenant Commander Ryan first answered this question by writing, "A 100 percent consensus on an exact definition for any given contracting term is not likely to occur..." Likewise, from the beginning of this effort, the researcher doubted that one hundred percent of the current volunteers would "strongly agree" with every definition. However, it is likely that, as Ryan continued, "a definition which represents consensus can occur with success ..." [Ref. 31:p. 83] The result of this thesis demonstrates that, despite the small amount of dissent from a few, standard meanings of contracting and acquisition terms can be developed.

2. Subsidiary Research Questions

The subsidiary research questions were:

- What consensus can be reached from professionals in the field?
- What definition of terms can be concluded from research and feedback?
- Is the Delphi Technique useful for fine tuning controversial acquisition and contracting terms?

This research clearly demonstrated, although not perfectly or always unqualified, significant consensus can be reached from professionals in the contracting and acquisition field. The modified Delphi Technique used in this study was indeed useful in that it provided the researcher with valuable feedback from the volunteers that was an integral part of this research effort.

E. SUMMARY

This chapter offered conclusions and recommendations made by the researcher regarding this research effort. It also provided the answer to the primary and subsidiary research questions. The researcher believes that the development of a comprehensive dictionary of acquisition and contracting terms will provide a valuable tool for contracting professionals, students and academics and is pleased to have been a part of the on-going study.

APPENDIX A: COVER LETTERS

This appendix contains the four cover letters used in this study. The letters, along with a brief explanation, are as follows

1. The initial contact letter, sent to approximately 235 National Contract Management Association (NCMA) national and local chapter officers, explained the project and requested their assistance. Two self-addressed, stamped postcards were enclosed for their convenience. One hundred and twenty postcards were returned, of which 85 requested the questionnaire via mail and 35 via electronic mail.
2. The first cover letter, which was sent along with the first questionnaire to the eighty-five volunteers. The salutation of each letter was personalized on the computer prior to printing; additionally, each letter was personally signed prior to mailing. A self-addressed, stamped envelope was enclosed for the volunteers' convenience.
3. The second cover letter, sent along with the second questionnaire to the fifty-seven volunteers responding to the first mailing.
4. The final cover letter, sent to the forty-seven remaining volunteers, included some additional information in order to clarify some recurring confusion concerning two terms, fee and procurement lead time. As with all other mailings, a self-addressed, stamped envelope was included for the volunteers' convenience.

1086 7th Street, Apt. 7
Monterey CA 93940-3636
November 15, 1996

Dear

I am a student at the Naval Postgraduate School in Monterey, California and like you, am a member of NCMA. I am conducting thesis research under Dr. David V. Lamm in an ongoing effort to compile a dictionary of acquisition and contracting terms. The result of previous research has been published in *Contract Management* in May and November 1991 and April 1993.

Would you be able to spare some of your valuable time to help me with this project?

I would send you three questionnaires, approximately a month apart, starting in January.

- The first questionnaire would consist of working definitions of approximately fifteen terms. I will ask for your comments on each term as well as an example of the term in use and any known synonyms or antonyms.
- Using the comments I receive, I will modify the working definition and repeat the process in a second questionnaire.
- The third questionnaire will present a "smooth" definition of the terms for final review and approval. A sample question is attached.

For your convenience a stamped, self-addressed envelope will be included with each mailing; other than your time, there will be no cost to you. If you prefer, I would send you the questionnaire via e-mail or Fax. I estimate that each questionnaire should take between thirty and forty-five minutes to review and make comments. I would be happy to send you a copy of my final effort for your own use.

If you need any additional details, please contact me at the above address or at (408) 655-1669. If you can help, would you please complete and return one of the enclosed postcards and then pass this letter and the second postcard on to another NCMA member?

I really do appreciate the help you would give me in this project.

Sincerely,

Drew K. Mullin

SAMPLE THESIS RESEARCH QUESTIONNAIRE

1. Cost Objective

(1) A function, organizational subdivision, contract, or other work unit for which cost data is desired and for which provision is made to accumulate and measure the cost of processes, products, capitalized projects, and so forth.

(2) Cost goal established for the completion of an element of work.

(3) Goal established for contract cost to be achieved during contract negotiations.

Please circle your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
4	3	2	1

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

Synonyms: _____
Antonyms: _____
Example(s): _____

2. Deviation

A specific written authorization to a contractor, granted prior to or during the manufacture of an item or the performance of a service, to depart from a particular performance or design requirement of a contract, specification or a referenced document for a specific number of units or a specific period of time.

Please circle your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
4	3	2	1

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

Synonyms: _____
Antonyms: _____
Example(s): _____

Apt. 7, 1086 7th Street
Monterey CA 93940-3636

March 4, 1997

Dear

Thanks very much for agreeing to help me with my thesis research here at the Naval Postgraduate School. As you may recall, I am working with Dr. David V. Lamm in an effort to compile a dictionary of terms that are frequently used in the Contracting and Acquisition field.

As promised, here is a questionnaire consisting of "working definitions" of twenty-five terms that I would like to clarify. Please review the questionnaire and feel free to make any and all comments you believe necessary.

Also, if you know of any synonyms or antonyms, please write them in the spaces provided. And what would a dictionary be without examples? If you think of a good "real life" example that would help a future reader understand the term, please include it as well.

The goal of this modified-Delphi technique is to solicit input from "experienced people" such as yourself as opposed to relying only on previously-written definitions. Therefore, please comment freely! Although I need to keep track of return addresses, be assured that your response will be held in the strictest confidence . . . no one else will be aware of your input.

After I compile all responses into an "improved version" of each term, I will repeat this process and again ask you for your input. Assuming a reasonably fast response from all contributors, this second questionnaire should arrive about two or three weeks after I receive your initial response.

I believe that often our first response is our best response . . . "nitpicking an answer to death" doesn't add much to the final result. Therefore, although I know that your time is very valuable and at a great risk of "looking a gift horse in the mouth," I ask that you process this questionnaire and return it in the enclosed self-addressed, stamped envelope as soon as possible.

If you have any questions, please call me at (408) 655-1669. Thanks again for your contribution to this project.

Sincerely,

Drew K. Mullin

Apt. 7, 1086 7th Street
Monterey CA 93940-3636

April 4, 1997

Dear

Thank you very much for reviewing and returning my first thesis questionnaire. As promised, here is the second of the three questionnaires. This one contains the "modified," and hopefully "improved," versions ... as you will see, some terms have changed substantially while others have changed only slightly.

Once again I ask that you review the questionnaire, make any and all comments you believe necessary, and return it in the enclosed stamped, self-addressed envelope as soon as practicable.

I have carefully reviewed each response and, whenever possible, incorporated your recommendations into the revised definitions. Even if you do not see all of your recommendations, please be assured that each did receive both my and Dr. Lamm's careful consideration. In some cases, I am still researching your recommendations and may yet incorporate them in the third, and final, version. Recommendations with references attached (for example: "See Black's Law Dictionary" or "Refer to FAR 31") are very helpful in that I want to confirm a recommendation before I make a permanent change.

You may notice that I have received many suggested synonyms, antonyms, and examples. Please review these as well and add, delete or modify as you think necessary.

As always, I know that your time is valuable (especially with tax-return-deadline approaching!) and I really do appreciate your contribution; at a risk of sounding ungrateful, I ask that you review and return the questionnaire within ten days.

If you have any questions, please call me at (408) 655-1669 or e-mail me at dkm123@aol.com. Thanks again for your contribution to my thesis.

Sincerely,

Drew K. Mullin

Apt. 7, 1086 7th Street
Monterey CA 93940-3636

May 5, 1997

Dear

Thank you very much for reviewing and returning my second thesis questionnaire. As promised, here is the last of the three questionnaires. This one contains the "improved," and hopefully "darn-close-to-final," versions ... as you will see, many have not changed much from the second questionnaire. Once again I ask that you review the questionnaire, make any and all comments you believe necessary, and return it in the enclosed stamped, self-addressed envelope as soon as practicable.

All of the terms have reached what Dr. Lamm and I would consider to be consensus ... at least 80 percent of the respondents either "strongly agreeing" or "somewhat agreeing" with the proposed definition. Some have reached 100 percent. At this point I am looking for those minor semantic and/or grammatical changes that would refine the definitions into something that could be published in my thesis as well as a future dictionary.

I also ask that you focus a bit more on the synonyms, antonyms, and examples. I have included most, if not all, of those proposed. Please review these and add, delete or modify as you think necessary.

I think that two terms deserve a little explanation to help eliminate any confusion ... Fee and Procurement Lead Time (PLT). In the second questionnaire I changed the definition of Fee to include mention of "percentage of estimated cost." Although technically correct, it was a poor choice of words and could lead the reader to think of a cost-plus-a-percentage-of-cost contract, which was not my intention. So I again changed the proposed definition to reduce any possibility of confusion. And Procurement Lead Time (PLT) is not the same as Procurement Administrative Lead Time (PALT), which does indeed end at the award of the contract. Wrestling with the minor, but important, difference between PLT and PALT did give me an appreciation of Dr. Lamm's belief that a dictionary that clarifies these and other often-confusing terms is needed.

I know that your time is valuable and I really do appreciate your contribution; at a risk of sounding ungrateful, I ask that you review and return the questionnaire within ten days.

If you have any questions, please call me at (408) 655-1669 or e-mail me at dkm123@aol.com. Thanks again for your contribution to my thesis.

Sincerely,

Drew K. Mullin

APPENDIX B: FIRST QUESTIONNAIRE

1. Alternative Dispute Resolution (ADR)

Any process voluntarily used to resolve issues in controversy without the need to resort to litigation.

Please indicate your evaluation of this working definition on the following scale:

<i>Strongly</i>	<i>Somewhat</i>	<i>Somewhat</i>	<i>Strongly</i>
<i>Agree</i>	<i>Agree</i>	<i>Disagree</i>	<i>Disagree</i>
4	3	2	1

If you did not strongly agree with this working definition, please make any revisions or comments here:

Synonyms:

Antonyms:

*Example(s): **Assisted settlement negotiation, Conciliation, Facilitation, Mediation, Fact finding, Mini-trial and Arbitration***

2. Arm's Length Relationship

A circumstance in which the buyer and seller maintain sufficient distance to alleviate any perception of impropriety in their business dealings while still maintaining a professional, functioning working relationship.

Please indicate your evaluation of this working definition on the following scale:

<i>Strongly</i>	<i>Somewhat</i>	<i>Somewhat</i>	<i>Strongly</i>
<i>Agree</i>	<i>Agree</i>	<i>Disagree</i>	<i>Disagree</i>
4	3	2	1

If you did not strongly agree with this working definition, please make any revisions or comments here:

Synonyms:

Antonyms:

Example(s):

3. Auctioning

- (i) Generally, a public sale in which property or items are sold to the highest bidder; or,
(ii) In the negotiation process, an attempt to reduce the price of an item or service through repetitive rounds of communication.

Please indicate your evaluation of this working definition on the following scale:

Strongly	Somewhat	Somewhat	Strongly
Agree	Agree	Disagree	Disagree
4	3	2	1

If you did not strongly agree with this working definition, please make any revisions or comments here:

Synonyms:

Antonyms:

Example(s):

4. Bidder

A company or individual who offers to perform a contract in response to a solicitation by providing goods and/or services for a specific price.

Please indicate your evaluation of this working definition on the following scale:

Strongly	Somewhat	Somewhat	Strongly
Agree	Agree	Disagree	Disagree
4	3	2	1

If you did not strongly agree with this working definition, please make any revisions or comments here:

Synonyms:

Antonyms:

Example(s):

5. Boilerplate

(Colloquialism) Refers to the standard clauses or language, generally not subject to frequent change, ordinarily found preprinted in a contractual document.

Please indicate your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
4.....	3.....	2.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments here:

Synonyms: **Small Print, Fine Print**

Antonyms:

Example(s):

6. Buy-In

A management practice of knowingly submitting an unreasonably low offer, often at or below cost, in order to obtain award of a contract and thus discourage competition, maintain business, or keep down overhead, and usually in the hope of making later recovery.

Please indicate your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
4.....	3.....	2.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments here:

Synonyms: **Low-balling, Loss-leader, Underestimating**

Antonyms: **High-balling, Overestimating**

Example(s):

7. **Buyer-Seller Relationship**

An association between a buyer and a seller established by a contractual agreement.

Please indicate your evaluation of this working definition on the following scale:

<i>Strongly</i>	<i>Somewhat</i>	<i>Somewhat</i>	<i>Strongly</i>
<i>Agree</i>	<i>Agree</i>	<i>Disagree</i>	<i>Disagree</i>
4	3	2	1

If you did not strongly agree with this working definition, please make any revisions or comments here:

Synonyms:

Antonyms:

Example(s):

8. **Commercial Item**

An item, including both supplies and services, of a class or kind that is 1) regularly used for other than government purposes and 2) has been sold, leased, or licensed to the general public, or has been offered for sale, lease, or license to the general public.

Please indicate your evaluation of this working definition on the following scale:

<i>Strongly</i>	<i>Somewhat</i>	<i>Somewhat</i>	<i>Strongly</i>
<i>Agree</i>	<i>Agree</i>	<i>Disagree</i>	<i>Disagree</i>
4	3	2	1

If you did not strongly agree with this working definition, please make any revisions or comments here:

Synonyms:

Antonyms:

Example(s):

9. **Contracting Officer's Technical Representative (COTR)**

A person designated to assist the contracting officer in matters related to contract inspection, acceptance, and other duties. This person acts as the "eyes and ears" of the contracting officer. Without a specific delegation of authority, the COTR may not make contracting officer decisions.

Please indicate your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
4	3	2	1

If you did not strongly agree with this working definition, please make any revisions or comments here:

Synonyms: **Contracting Officer's Representative (COR)**

Antonyms:

Example(s):

10. **Delinquency**

- (i) Generally, a failure, omission or violation of a contractual obligation or duty; or,
(ii) In the procurement process, the actual failure by the contractor to meet the contract delivery or performance schedule, performance requirements or by failing to maintain required progress in contract performance as required by the contract delivery or performance schedule.

Please indicate your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
4	3	2	1

If you did not strongly agree with this working definition, please make any revisions or comments here:

Synonyms:

Antonyms:

Example(s):

11. Equitable Adjustment

The compensation or price adjustment to which one party is entitled upon the occurrence of some special event, such as the issuance of a contract change order. The adjustment may incorporate modifications of other terms and conditions as necessary to return the parties to their relative positions existing at the time the work requirement was altered.

Please indicate your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
4	3	2	1

If you did not strongly agree with this working definition, please make any revisions or comments here:

Synonyms:

Antonyms:

Example(s):

12. Fact finding

- (i) During the procurement process, the action of identifying and obtaining information necessary to complete the evaluation of proposals, and most particularly in preparation for contract negotiations; or
- (ii) A technique of Alternative Dispute Resolution (ADR) where a third party attempts to reduce or eliminate conflict concerning factual, rather than legal, matters.

Please indicate your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
4	3	2	1

If you did not strongly agree with this working definition, please make any revisions or comments here:

Synonyms: **Information exchange**

Antonyms:

Example(s):

13. Fee

An agreed-to amount beyond the estimate of costs paid to the seller for completed performance or delivery. In most instances, fee reflects a variety of factors, including risk, and, in government contracting, may be subject to statutory limitations. Convention attaches fee to cost-reimbursement type contracts in the same fashion that profit is a part of the price of fixed-price type contracts.

Please indicate your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
4	3	2	1

If you did not strongly agree with this working definition, please make any revisions or comments here:

Synonyms: **Profit**

Antonyms:

Example(s):

14. Improvement Curve

A technique for estimating recurring resource requirements in operations that are performed repetitively. It is based on the theory that as the total volume of units produced doubles, the cost per unit decreases by some constant percentage. It can be used to estimate direct labor hours, units of material required, or the cost of subcontracted items.

Please indicate your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
4	3	2	1

If you did not strongly agree with this working definition, please make any revisions or comments here:

Synonyms: **Learning Curve**

Antonyms:

Example(s): **Unit Curve Theory, Cumulative Average Theory**

15. Market Research

The process of evaluating the potential of the commercial marketplace to meet buyer requirements utilizing the techniques of Market Survey and Market Analysis.

Please indicate your evaluation of this working definition on the following scale:

<i>Strongly Agree</i>	<i>Somewhat Agree</i>	<i>Somewhat Disagree</i>	<i>Strongly Disagree</i>
4	3	2	1

If you did not strongly agree with this working definition, please make any revisions or comments here:

Synonyms:

Antonyms:

Example(s):

16. Mediation

An informal, non-binding discussion between two parties, assisted by a neutral third party, in an attempt to bring about a peaceful settlement or compromise, most commonly associated with the Alternative Dispute Resolution (ADR) process.

Please indicate your evaluation of this working definition on the following scale:

<i>Strongly Agree</i>	<i>Somewhat Agree</i>	<i>Somewhat Disagree</i>	<i>Strongly Disagree</i>
4	3	2	1

If you did not strongly agree with this working definition, please make any revisions or comments here:

Synonyms:

Antonyms:

Example(s):

17. Memorandum of Agreement

A document of statements of fact, intentions, procedures, parameters or understandings regarding past, present or future rights and duties that is mutually agreed to by two or more parties. As it may be lacking one or more essential elements, it is not a contract and is generally not enforceable by law but rather requires good faith adherence by the parties in order to be effective.

Please indicate your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
4	3	2	1

If you did not strongly agree with this working definition, please make any revisions or comments here:

Synonyms:

Antonyms:

Example(s): *The agreement between a program manager and a Contract Administration Office*

18. Reasonableness

- (i) Generally, a concept that refers to any action which, in its nature and amount, does not exceed that which would be accepted by a prudent person in the conduct of normal business transactions; or,
- (ii) In procurement, the acceptability in the dimension of time and/or price of a good or service; or,
- (iii) In cost principles, a cost which, if in its nature or amount, it does not exceed that which would be incurred by an ordinarily prudent person in the conduct of a competitive business. Additional restraints may be placed on the interpretation of reasonableness in this examination of incurred costs in Government contracts.

Please indicate your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
4	3	2	1

If you did not strongly agree with this working definition, please make any revisions or comments here:

Synonyms:

Antonyms:

Example(s):

19. Negotiation

- (i) Generally, a bargaining process between two or more parties, each with its own viewpoints and objectives, seeking to reach a mutually satisfactory agreement on or settlement of a matter of common concern; or
- (ii) Formally, one of the major methods of Government procurement. It is used under certain permissive circumstances prescribed by statute when sealed bidding is found to be infeasible and impracticable; or
- (iii) A method of Alternative Dispute Resolution (ADR) where higher-level employees, previously not involved in the controversy, attempt to reach agreement after normal negotiations have deadlocked. This method may or may not utilize a neutral third party.

Please indicate your evaluation of this working definition on the following scale:

<i>Strongly</i>	<i>Somewhat</i>	<i>Somewhat</i>	<i>Strongly</i>
<i>Agree</i>	<i>Agree</i>	<i>Disagree</i>	<i>Disagree</i>
4	3	2	1

If you did not strongly agree with this working definition, please make any revisions or comments here:

Synonyms:

Antonyms:

Example(s):

20. Performance Based Contracting

A method of contracting where all aspects of an acquisition are structured around the *purpose* of the work as opposed to the *manner* in which the work is to be performed. The solicitation states *what* is to be performed as opposed to *how* it is to be performed.

Please indicate your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
4	3	2	1

If you did not strongly agree with this working definition, please make any revisions or comments here:

Synonyms:

Antonyms:

Example(s):

21. Privity of Contract

The direct contractual relationship that exists between two parties. In procurement terms, the buyer has a contract with the seller, therefore there is privity of contract between the buyer and the seller; however, as there is no contract between the buyer and a subcontractor of the seller, no privity of contract exists between the buyer and the subcontractor.

Please indicate your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
4	3	2	1

If you did not strongly agree with this working definition, please make any revisions or comments here:

Synonyms:

Antonyms:

Example(s):

22. Procurement Lead Time

The time elapsing between the initiation of a procurement action and the receipt of goods or services purchased as a result of that action.

Please indicate your evaluation of this working definition on the following scale:

<i>Strongly</i>	<i>Somewhat</i>	<i>Somewhat</i>	<i>Strongly</i>
<i>Agree</i>	<i>Agree</i>	<i>Disagree</i>	<i>Disagree</i>
4	3	2	1

If you did not strongly agree with this working definition, please make any revisions or comments here:

Synonyms:

Antonyms:

Example(s):

23. Single Process Initiative

An element of acquisition reform which allows contractors to standardize process requirements on a facility-wide basis providing an opportunity to achieve such objectives as reducing cycle-time, improving quality, and lowering cost.

Please indicate your evaluation of this working definition on the following scale:

<i>Strongly</i>	<i>Somewhat</i>	<i>Somewhat</i>	<i>Strongly</i>
<i>Agree</i>	<i>Agree</i>	<i>Disagree</i>	<i>Disagree</i>
4	3	2	1

If you did not strongly agree with this working definition, please make any revisions or comments here:

*Synonyms: **Block Change***

Antonyms:

Example(s):

24. Source Selection

The process wherein the requirements, facts, recommendations and organizational policy relevant to an award decision in a competitive procurement of an item or service are examined and a decision made.

Please indicate your evaluation of this working definition on the following scale:

<i>Strongly</i>	<i>Somewhat</i>	<i>Somewhat</i>	<i>Strongly</i>
<i>Agree</i>	<i>Agree</i>	<i>Disagree</i>	<i>Disagree</i>
4	3	2	1

If you did not strongly agree with this working definition, please make any revisions or comments here:

Synonyms:

Antonyms:

Example(s):

25. Unallowable Cost

Any cost which, under the provisions of any pertinent law, regulation or contract, cannot be included in prices, cost-reimbursements, or settlements under a Government contract.

Please indicate your evaluation of this working definition on the following scale:

<i>Strongly</i>	<i>Somewhat</i>	<i>Somewhat</i>	<i>Strongly</i>
<i>Agree</i>	<i>Agree</i>	<i>Disagree</i>	<i>Disagree</i>
4	3	2	1

If you did not strongly agree with this working definition, please make any revisions or comments here:

Synonyms:

Antonyms:

Example(s):

APPENDIX C: FINAL PROPOSED DEFINITIONS

This appendix contains the final proposed definitions along with any known synonyms, antonyms and examples.

1. Alternative Dispute Resolution (ADR)

Any process used by the parties to resolve issues in controversy in lieu of administrative appeal or litigation, the results of which may or may not be binding on the parties.

Synonyms: None noted

Antonyms: Litigation, trial

Example(s): Assisted settlement negotiation, Conciliation, Facilitation, Mediation, Fact finding, Mini-trial and Arbitration

2. Buyer-Seller Relationship

A circumstance in which the buyer and seller sufficiently maintain their independent interests to alleviate any actual or perceived impropriety in their business dealings while still maintaining a professional, functioning business relationship.

Synonyms: Business Relationship, Ethical Relationship, Professional Relationship, Independent Relationship, Equality of Relationship, "By the Book," Separation

Antonyms: Collusive Relationship, One-sidedness, Close relationship, Cooperative Agreement, Conflict of Interest, Prejudicial, Sweetheart deal, Sweetheart relationship, Favoritism

Examples: None Noted

3. Auctioning

- (i) Generally, a public sale in which property or items are sold to the buyer with the highest bid; or,
- (ii) In the competitive negotiation process, an attempt to reduce the price of an item or service through repetitive rounds of communication wherein the buyer may reveal the prices or other terms offered by the competitor(s).

Synonyms: Ratcheting

Antonyms: None noted

Example(s): Example of (i): selling confiscated property by the Drug Enforcement Agency (DEA) or selling excess property by a Defense Reutilization Material Office (DRMO). Example of (ii): Multiple calls for Best and Final Offer (BAFO)

4. Bidder

A company or individual who offers to provide requested goods or services for specifically identified consideration.

Synonyms: Proposer, seller, contractor, trader, vendor

Antonyms: Buyer, purchaser

Example(s): None noted

5. Boilerplate

(Colloquialism) Standard clauses or language generally not subject to frequent change or exception, usually acceptable to and readily understood by the parties and found preprinted or included by reference in contracts or other related documents.

Synonyms: Standard Terms and Conditions (T&Cs), General Conditions, Mandatory Clauses, Tailored Clauses, Fine Print or Small Print (colloquialisms)

Antonyms: Special Terms and Conditions

Example(s): Clauses governing delivery, acceptance, invoicing, payments and/or warranty, required flowdown clauses

6. Buy-In

A technique of knowingly submitting an unusually low offer, often at or below cost, in order to obtain award of the contract, usually with the hope of making later recovery through modifications or through award of future contracts.

Synonyms: Low-balling, Loss-leader

Antonyms: High-balling

Example(s) None Noted

7. Buyer-Seller Relationship

An association between a buyer and a seller established directly by an actual or potential contractual agreement, or indirectly by a working arrangement.

Synonyms: Business agreement

Antonyms: None noted

Example(s): None noted

8. Commercial Item

An end item, including either supplies or services, of a class or kind that 1) is regularly used for both public and private sector purposes, and 2) has been sold, leased, or licensed to the general public, or has been offered (or is anticipated to be offered) for sale, lease, or license to the general public at catalog or market prices.

Synonyms: General Use Item, Public Use Item, Catalog Item, Commercial off-the-shelf (COTS), non-proprietary, non-developmental

Antonyms: Government Use Item, Custom Item

Example(s): Office supplies, photocopy machines, aviation fuel, common tools, vehicles, commercial aircraft, desktop or laptop computers, repair services, training services

9. Contracting Officer's Technical Representative (COTR)

A person designated to assist the contracting officer in technical matters related to contract inspection, acceptance, and other specified duties. This person shall not direct a change in performance or cost or make any decision for the contracting officer unless specifically delegated in writing.

Synonyms: Contracting Officer's Representative (COR), Technical Representative of the Contracting Officer (TRCO)

Antonyms: None noted

Example(s): In-Plant Representative

10. Delinquency

- (i) Generally, a failure, omission or violation of a contractual obligation or duty; or,
- (ii) In the procurement process, the failure by one party to meet the contract delivery or performance schedule requirements, or to fail to maintain required progress.

Synonyms: Late Delivery, Late Payment, Failure to maintain adequate progress, non-conformance, non-compliance, negligence

Antonyms: Compliance or conformance with contract terms, punctuality, timeliness, early delivery

Example(s): Contractor fails delivery (may lead to default); Government fails to deliver GFE (may lead to an Equitable Adjustment)

11. Equitable Adjustment

The adjustment in compensation or consideration to which one party may be entitled as a result of action, inaction, or other changed condition for which the other party may be responsible. The adjustment may incorporate modifications to price or to other terms and conditions as necessary to return the parties to their relative positions existing at the time of the change.

Synonyms: Negotiated agreement, fair trade, trade-off, "to make whole"

Antonyms: None noted

Example(s): A claim by the contractor after issuance of a constructive or cardinal change order to modify cost, schedule, or performance.

12. Fact Finding

- (i) During the procurement process, action conducted by the buyer to identify and obtain information to clarify the seller's proposal with the purpose of preparing for contract negotiations; or
- (ii) A technique of Alternative Dispute Resolution (ADR) where a third party identifies and obtains information regarding the factual basis of the issues needing resolution.

Synonyms: Information exchange, discovery, data gathering, due diligence, pre-award survey

Antonyms: None noted

Example(s): Discovery, obtaining labor or overhead rates or other burden factors, obtaining technical knowledge

13. Fee

A sum of money which is paid to the seller in addition to actual costs reimbursed. In most instances fee reflects a variety of factors, including risk, and in government contracting may be subject to statutory limitations. Convention attaches fee to cost-reimbursement type contracts in the same fashion that profit is attached to firm-fixed-price type contracts.

Synonyms: Profit

Antonyms: None noted

Example(s): Fixed Fee, Award Fee, Incentive Fee

14. Improvement Curve

A tool for estimating recurring resource requirements in operations that are performed repetitively. The curve reflects expected decreases in cost per unit due to efficiencies available through experience as the volume of units increases.

Synonyms: Learning Curve, Unit Curve Theory, Cumulative Average Theory

Antonyms: None noted

Example(s): Used to estimate direct labor hours, units of material required, or the cost of subcontracted items.

15. Market research

The process of evaluating the potential of the marketplace to meet user requirements using objective techniques to determine price, suitability and availability.

Synonyms: Testing the Market

Antonyms: None noted

Example(s): Marketing Poll, Marketing Study, Market Survey, Market Analysis, Market Observation

16. Mediation

An informal, mutually agreed-to process between two parties whereby a third party participates with the goal of a settlement or compromise.

Synonyms: Conciliation, intervention, referee, settlement, facilitation

Antonyms: Judgment, directed settlement

Example(s): Third party intercession to resolve a labor dispute between management and a union.

17. Memorandum of Agreement (MoA)

A document of statements of fact, intentions, procedures, parameters and/or understandings regarding past, present or future rights and duties that is mutually agreed to by two or more parties. As it may lack one or more essential elements, it may not be a contract and is generally not enforceable by law but rather requires good faith adherence by the parties in order to be effective.

Synonyms: Memorandum of Understanding (MoU), Cooperative Agreement

Antonyms: Binding Contractual Agreement, Formal Contract

Example(s): An agreement between a program manager and a Contract Administration Office, a Host-Tenant Support Agreement, an agreement between the Department of Defense (DoD) and the Drug Enforcement Agency (DEA)

18. Negotiation

- (i) The deliberation, discussion or conference upon the terms of a proposed agreement; the act of seeking to reach a mutually satisfactory agreement on the terms and conditions of a bargain, sale, or other business transaction; or
- (ii) One of the major methods used in the Government procurement process. It is used under certain permissive circumstances prescribed by statute when sealed bidding is found to be infeasible and/or impracticable; or
- (iii) A method of Alternative Dispute Resolution (ADR) where employees not previously involved in the controversy attempt to reach agreement after normal discussions have deadlocked. This method may or may not utilize a neutral third party.

Synonyms: Give and take process, settlement, compromise, discussions, bargaining

Antonyms: Directed settlement

Example(s): None noted

19. Performance Based Contracting

A method of contracting where the requirement or deliverable is described in terms of desired results, outcomes or properties of the end item but does not dictate the method to be used or the design to achieve the end result. The solicitation states *what* is to be performed as opposed to *how* it is to be performed.

Synonyms: Statement of Objectives

Antonyms: Design specification

Example(s): Manufacture of weapons systems such as aircraft using other-than-DoD-specifications; engineering services contract; groundskeeping services

20. Privity of Contract

The direct contractual relationship existing between the parties to a contract.

Synonyms: None noted

Antonyms: Third party relationship

Example(s): In procurement terms, the buyer has a contract with the seller, therefore there is privity of contract between the buyer and the seller; however, as there is no contract between the buyer and a subcontractor to the seller, no privity of contract exists between the buyer and the subcontractor.

21. Procurement Lead Time (PLT)

The time between the receipt of a requisitioner's authorization to procure at a procurement office and the delivery and acceptance of goods or services purchased as a result of that procurement action.

Synonyms: None noted

Antonyms: None noted

Example(s): None noted

22. Reasonableness

A concept that refers to any action, procedure or conclusion which represents that which would be taken by a prudent person in the conduct of normal business transactions.

Synonyms: Fair and Reasonable, prudent, acceptable

Antonyms: Extreme, excessive, unreasonable, unfair to either or both parties

Example(s): In procurement, the acceptability of price considering market conditions, quality and urgency. In cost principles, a cost that does not exceed that which would be incurred by a prudent person in the conduct of competitive business.

23. Single Process Initiative

An element of acquisition reform which allows contractors to standardize specifications and common process requirements on a facility-wide basis with a single administrative action with the goal of reducing cycle-time, improving quality, and lowering cost.

Synonyms: Block Change

Antonyms: None noted

Example(s): None noted

24. Source Selection

The process by which proposals from within the competitive range are evaluated as to the offerors' technical capability, past performance, cost reasonableness and potential to satisfy the requisitioner's requirements, and an offeror (or offerors) is selected for contract award.

Synonyms: Evaluation Process

Antonyms: None noted

Example(s): None noted

25. Unallowable Cost

Any cost which, under the provisions of any pertinent law or regulation, is not reimbursable under a Government contract.

Synonyms: Improper cost, prohibited cost

Antonyms: Permissible cost, allowable cost

Example(s): Entertainment expenses, alcoholic beverages, first class air travel, advertising expense, interest expense

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